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Daily Report

Latin America

FBIS-LAT-94-209
Friday
28 October 1994

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FBIS-LAT-94-209 *28 October 1994*

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

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Further Reportage on Central American Summit

Costa Rica's Grynspan Addresses Summit

PA2710201794 Tegucigalpa Radio and Television Networks in Spanish 2158 GMT 24 Oct 94

[Speech by Costa Rican Vice President Rebeca Grynspan Mayufis, delivered at the International Conference on Peace and Development in Central America at the Honduras Maya Hotel in Tegucigalpa—live]

[FBIS Translated Text] Distinguished President of Honduras, Distinguished President of Guatemala, Distinguished President of Nicaragua, Distinguished President of El Salvador, Distinguished Prime Minister of Belize, Distinguished OAS Secretary General, Distinguished Presidents of the Honduran state branches, Messrs. members of the diplomatic corps, Messrs. special guests, Messrs. delegates, ladies and gentlemen:

I wish to begin by bringing you warm greetings from the president of Costa Rica, Mr. Jose Maria Figueres, whose commitment to Central America has been reasserted and strengthened at every (?possible) opportunity. But right now Costa Rica is about to approve a $350-million loan; the results will be decided within three days. This has prevented President Figueres from accompanying us today. President Reina and the other presidents, please accept his most heartfelt apologies and allow me to read his message, which deals with human, natural, and technological resources as the basis for sustainable development.

At previous Central American presidents' meetings, we have a [words indistinct] on the type of society [words indistinct]. Based on the initiative of our counterpart, the president of Guatemala [words indistinct] sustainable development to refer to type of development we want. As President Reina said this morning, Guacimo, Managua, and Tegucigalpa comprise a conceptual and political unity whose first phase should culminate with the position Central America should adopt at the hemispheric summit in Miami.

This new Central American vision is reflected in the document called the Alliance for Sustainable Development that we summarize as follows: Quote, a process of progressive changes in the quality of life of human beings that places them in the center as the main subject of development through [words indistinct], the establishment of production methods and consumption patterns based on ecological [word indistinct] as the vital pillar of the region, unquote.

This definition reflects four major aspirations that we must underscore. First, the aspiration to achieve social development, that is, to reach satisfactory quality of life levels for the masses. In the same way that Central America went from being a region divided by war to being integrated by peace, today we must go from being societies still divided by poverty to societies united by equal opportunities.

Second, we aspire to strengthen democracy. Central Americans will no longer settle for having political stability, which we achieved at a high cost after many years of fratricidal war. Today we aspire to strengthen and improve our democratic system. We want to improve our system of representative democracy. We need to open new opportunities for participation in civilian society to allow it to increasingly participate in the decisionmaking process and in decisions that affect the entire community.

Third, we aspire to achieve economic growth [words indistinct] establish production structures that are better than current one. We want to further integrate, to become more capable of incorporating innovations and making continuous transformations, to be capable of increase the value added to our resources [words indistinct] to be more capable of selling our products on international markets and to gain more advantageous and intelligent participation in those markets by incorporating available technology into the production and marketing processes.

Fourth, we share the aspiration to achieve ecological balance, to preserve indefinitely natural sites, which are the basis of our people's lives. The goal is not only to improve our quality of life but to preserve life itself.

To advance in the achievement of these Central American goals, we must activate and make more dynamic the three great forces vital to the development of contemporary societies. I am referring to the ability to effect transformations that should emanate from our peoples and result from investments in our people, in natural resources, and in science and technology.

As President Figueres has said, this is not only desirable for moral and ethical reasons, but also because it is a business. This is a long-term business that guarantees a future of well-being for our people. With the combined effort of these forces we can change the future supply of state services. We can integrate ourselves more advantageously into the international scene. As a product of our efforts, we should see a greater added value in the use of [words indistinct] natural resources and give them the value they deserve to successively distance ourselves from the consequences of low salaries and destruction of natural resources.

The controlled use of [words indistinct] will allow us to keep salaries rising and [words indistinct] to satisfy the needs of the majority. We must initiate investments in social programs for health care, education, housing, and basic services and provide the necessary support by providing access to credit, land, economic support to [words indistinct], while simultaneously maintaining macroeconomic stability, conditions necessary for [words indistinct]. To make better use of our human resources we must be willing to increase social investment as of now. We do not agree with those impositions that say stability and growth must be fostered at all costs

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so that those benefits can be distributed subsequently to poorer sectors, those who usually pay the highest costs for the adjustments.

We believe the contrary, that is, that social and economic policy should be two sides of the same coin. If we do not improve the [words indistinct] of our social policy as of now we cannot pretend to have sustained economic development. We are going [words indistinct] the vicious circle in which social investment takes us to greater productivity and economic growth when this [words indistinct] allows greater social investment and improves quality of life. Only in this way can we break the vicious circle of poverty and its [words indistinct] consequences.

We must always recall that the costs and the long term vision start at the same time, and that our long term vision starts with our children. To make better use of our human resources we must rescue the Central American children submerged in poverty and our teenagers who are submerged in despair over the lack of opportunities.

Central America has assumed historical commitments in the Declaration of [word indistinct] and today it is our duty to [words indistinct] the goals we have set. We must fight those forms of violence that result in the deaths of mothers and children [words indistinct] and I dare say part of the hereditary resources. We cannot set aside the responsibility to establish priorities in allocating resources and the conservation of our public institutions to put them once again at the service of the citizens [words indistinct] squandering and inefficiency. This is the true struggle of today's Central America, the struggle for life and for development.

[Words indistinct] we should develop technological services, relying always on fostering ties among the universities, the private sector, and public institutions to achieve technological [words indistinct]. We should reap what we have sown.

Time is precious; we should also take advantage of the new stage of peace that we have on the isthmus. We cannot ignore that the world is undergoing big changes in which there are as many opportunities as there are threats and dangers for our small nations. The global technological and scientific revolution is shaping the social and economic future on the planet. We are hearing the [words indistinct] of comparative advantages. It is no longer important to rely on abundant natural resources and cheap labor to compete internationally. Nevertheless, it is necessary to be competitive based on [words indistinct]. The social demands put off in our countries for so long and the [words indistinct] of our productive structures, by international [words indistinct] force us to act quickly and decidedly.

This task of the conformation of the [words indistinct] we share the same effort with the governments of Central America, with friendly nations of the region, and with civilian society corresponding to these [words indistinct]. To get to know these [words indistinct] give us shared satisfaction, renewed hopes for Central Americans [words indistinct] in the anonymous and warm framework offered to us by the Honduran people. I say: Let's get down to work. Thank you very much.

Costa Rica's Figueres Explains Absence

PA2710201994 Tegucigalpa Voz de Honduras Network in Spanish 1340 GMT 25 Oct 94

[Monitored in progress—passages within quotation marks recorded]

[FBIS Translated Text] ...Jose Maria Figueres, president of Costa Rica, to the Conference on Peace and Development. Figueres will also comment on the importance of this Conference on Peace and Development.

[Figueres] "My apologies to the friends of Honduras, my apologies to representatives of international organizations, and my apologies to my good and dear friend Carlos Roberto Reina, whom I congratulate once again on this great initiative of calling this Conference on Peace and Development."

With this message, Costa Rican President Jose Maria Figueres Olsen stated his consternation and regret over his inability to make it to the International Conference on Peace and Development that began yesterday in this capital. The lack of consensus between the Costa Rican executive and Congress to reach an accord on negotiations with international financial organizations prevented the Costa Rican president from attending the inauguration of this important event.

[Figueres] "For a long time, we have been negotiating a significant loan for our country, worth $360 million, with the World Bank. Our Congress has until this Wednesday to approve this loan, that is, the day after tomorrow. So far we have been unable to agree with the opposition on conditions for this loan.

"My friends, you must understand I could not leave the country at a time we have some hours of work ahead of us to obtain these much-needed resources. Therefore, I have asked our vice president, Rebeca Grynspan, to represent me at this important conference, with the advantage that she is the coordinator of social issues in our government and for our country."

Commenting on the objectives of the conference, the Costa Rican president warned that since war and conflict have ended in Central America, it is now time to seek joint development of the region.

[Figueres] "I share the view this conference addresses a very important issue for our region. Thank God that conflict and war have been left behind. We have consolidated peace and democracy, and we must now talk about development, which will support and sustain the peace and democracy we have attained. I know Central

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American presidents, all of whom will speak at this conference, will be able to state, in many different ways, the importance that we continue on with our sustainable development project."

Figueres insisted that if countries in the area act as one single region, we will be able to overcome difficulties.

[Figueres] "We believe that in Central America we must be more united, more friends, more members of the same family, because the rest of the world sees us as one single region. We must feel this way and understand the solution to many of our problems in different areas lies in the measure that we are able to act and think as one region."

Costa Rican President Jose Maria Figueres will participate in the closing ceremony of the International Conference on Peace and Development.

El Salvador's Calderon Sol Speaks

PA2710174194 Tegucigalpa Radio and Television Networks in Spanish 2119 GMT 25 Oct 94

[Speech by Salvadoran President Armando Calderon Sol closing the International Conference on Peace and Development in Central America at the Honduras Maya Hotel in Tegucigalpa—live]

[FBIS Translated Text] Heads of state and government, Vice President of Costa Rica, coordinator general of the International Conference on Peace and Development in Central America, foreign ministers, delegation heads, representatives of international organizations, special guests, ladies and gentlemen:

In the names of my colleagues from the Central American countries and Belize, I am very pleased to express our satisfaction with the success of the International Conference on Peace and Development in Central America, where we signed commitments on political, economic, social, and cultural affairs, and with the creation of an Alliance for Sustainable Development. Thus, Central America presents to the world a new image of its development, which is marked by the identification of mankind as the center and principal subject of this development, which will take place through economic growth with social equity and the transformation of production methods and consumption standards, based on the region's ecological balance and vital support.

A very important aspect within the framework of this initiative is that it opens the possibility of reinforcing and directing in a better way a dialogue among governments, Central American civil society, and the international community. In a climate of harmony, this will make possible a better understanding in the search for solutions of the problems afflicting the region. In this context, we think this experience constitutes a good starting point to attain new levels in the development of our peoples. Undoubtedly, with the steps that we have taken so far, we feel stronger and more motivated to continue in this noble effort. We wish to express our political willingness to turn this Alliance for Sustainable Development into an instrument that makes the region's general development feasible. We are satisfied that this initiative, as stated at the Managua ecological summit, can be seen as a model for development, applicable to other regions in the world. This would open up chances for achieving development, particularly in a country like ours, which is in the process of taking off in its economic, social, cultural, and ecological development.

We wish to say flatly that it will be impossible to attain this development process if we fail to devote most of our resources to investing in human capital. We must direct our efforts to priority areas, like education, health, nutrition, water, and environmental sanitation. During this conference, we have tried to address to the international community a message that reveals our commitment to our societies for together eliminating the obstacles that have been impeding our development. We hope to obtain a response in support of our initiatives in the immediate and long-term future.

Similarly, speaking as a delegate, I wish to thank everyone for attending this important event and for all of the cooperation commitments made in solidarity with development in Central America, which friendly countries and international organizations have expressed. This has made it possible for us to attain the results we expected.

In addition, we wish to express our warm thanks to the Honduran people and government, as well as to President Carlos Roberto Reina, for the initiative to hold this great event, which sets standards in Central America's history. We also wish to express appreciation to Honduras for hosting this conference and offering its hospitality and cordiality during our stay.

Finally, together with President Reina, I wish to declare this Conference on Peace and Development closed. I take this opportunity to thank my colleagues for this honor, and wish them success in their work and a happy return to their respective countries. Thank you. [applause]

Summit Participants Hold News Conference

PA2810041194 Tegucigalpa Radio and Television Networks in Spanish 2126 GMT 25 Oct 94

[News conference by Honduran President Carlos Roberto Reina, Salvadoran President Armando Calderon Sol, Guatemalan President Ramiro De Leon Carpio, Belizean Prime Minister Manuel Esquivel, and Costa Rican Vice President Rebeca Grynspan, at the International Conference on Peace and Development in Central America with foreign and local reporters and an unidentified moderator at the Honduras Maya Hotel in Tegucigalpa—live]

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[FBIS Translated Text] [Moderator] I ask Honduran President Carlos Roberto Reina, the host, to give a brief introduction to this news conference. We want to thank the media for being here. Mr. President, please.

[Reina] Friends from the media: First I want to apologize because some of you wanted to interview me during the conference, and I chose to be interviewed here with the other Central American presidents attending the conference so we would be able to answer any questions you might have and expand on the results of this event.

The conference was a great success. I have heard several national and foreign diplomats say that these kinds of events had never been held in Tegucigalpa before. Such remarks make us all proud, because the Conference on International Peace and Development in Central America was held at a meaningful time when the entire world is looking at our isthmus again to contribute to its rebirth. This Central America has become a world seedbed of freedom, democracy, and development. It is as if we were once again meeting civil society, which is rightfully participating in an event of this nature for the first time. That is why the Tegucigalpa meeting is special. With this introduction, I want to tell you that we are thankful for the wide coverage you have given this event. I am here along with my distinguished colleagues from El Salvador, Guatemala, Costa Rica, and Belize. We are at your disposal. You may ask us questions now. Thank you.

[Moderator] Juan Zambrano of AGENCIA INTERNACIONAL DE NOTICIAS.

[Zambrano] President Reina, I would like you to expand on the great success of the conference. How does the international community view this conference, especially as far as economic aid is concerned?

[Reina] The Tegucigalpa conference goes beyond merely requesting help. It is as though we were meeting the international community again. We have representatives from the entire world, and that fact makes this conference exceptional. These countries and international organizations have offered to facilitate Central American sustainable development. That is why I said there were extraordinary results.

We have seen ministers and very prominent men from many countries: Japan, Canada, Mexico, Norway, Denmark, Brazil, Argentina, and others. In short, men from all over this continent and other areas in this new world order have offered a helping hand to the Central American region, because all Central American presidents were elected by our peoples. Our governments are legitimate, and we hope that the agenda of the entire world includes a Central American approach.

The U.S. vice president, a foremost world personality, recently said in Managua that Central America is an example for the world. He added: I know the world situation due to the post that I hold; there is no place like Central America, which has so much strength and hope for human and sustainable development. It is here where man does not destroy nature; it is here where man and nature are reaching a reconciliation. It is here where the lack of justice must disappear, where human rights must be fully respected, and where the majority can shake the friendly hand of international governments and communities. That is my reply to Juan Zambrano from ASSOCIATED PRESS [as heard].

[Moderator] Here is Miss Diaz representing the Honduran press.

[Diaz] How do you view the request made by the Guatemalan people through their representative regarding the dissolution or reorganization of Parlacen [Central American Parliament], because former presidents and government officials who were corrupt use Paussien immunity to dodge trials. What specific actions could be taken to avoid this situation?

[Reina] Do not let this surprise you. There are enemies of a Parlacen reorganization who attempt to express opposing opinions. Central America already has its own supreme court, the Central American Court of Justice. Central American also has Parlacen, which is a major forum for discussions. Elections for the Parlacen Board of Directors are coming up. If the internal political struggles in each country are difficult, they are also difficult at the Central American level, which has a much larger jurisdiction.

There is no doubt that someone will believe that a parliamentarian representative is using his immunity as protection. That is not the case. The Central American deputies deserve respect. They are politicians, and we politicians are the targets of all types of criticism. There are people who promote the idea that politics are bad. That is not true, fellow countrymen; that is not true, international media representatives. We have the full spectrum in politics, as is the case with any other activity. Those who do not play politics do not become leading actors in the political life of their country. We all act, regardless of what paths we take. That is why civil society is fundamental. We will address the issue of broadening talks in Central America at the level of presidents and summits. Parlacen will go on as its new authorities are elected. This time it is Guatemala's turn, our sister nation, to hold the Parlacen presidency. That country has a president whose conduct is irreproachable. He is a man providentially chosen by his people as a last hope during hard times. All countries experience hard times. An honorable Central American, Dr. Ramiro De Leon Carpio, will speak now. He will explain the election of the Parlacen Board of Directors.

[De Leon] As President Reina said, those are the political forums. As for the regional political forum, Parlacen, it has experienced great difficulties since its inception. When we received the president of the mentioned regional organization at our last meeting in Guacimo,

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Costa Rica, we Central American presidents asked ourselves how far we could or should go to back this organization. We agreed to support it because we believe it is a political forum that is or could become very important in our political and peace processes, as well as in other sectors, such as the environment and so forth.

On that occasion, however, we spoke to the Parlacen president and expressed our wish that he convince Central Americans of the need for the organization and of the efficiency, effectiveness, and value of its work. Just like any other organization, actions are what will decide whether Central Americans support and respect Parlacen in the future.

The Parlacen members are currently discussing the Guatemalan [word indistinct] who, according to regulations, must be given the presidency this year. They have not yet reached an agreement, but I believe they will do so in a few hours or in the next few days. I reiterate: It is actions that will either win honor and respect for the organization and justify its existence or, on the contrary, draw the people's rejection and disapproval.

[Station announcer] There you have the opinion of both presidents, Carlos Roberto Reina and Ramiro De Leon Carpio. We now have a question from Jorge Torres for Radio Voz de Honduras.

[Torres] So far we have seen the Central American presidents express their willingness to solve the problems burdening our isthmian society. Several agreements were signed but have not been completely fulfilled. When and in what form will we see the specific results of this summit concluding today?

[Reina] The results are immediate. Honduras' name is resounding all around the globe. I do not believe there is a single Honduran who is not pleased with our name sounding amid trumpets of victory for human decency instead of as before, when we were known for very shameful reasons. I believe the results are immediate, because the prestige this event generates will afford us greater acceptance at international organizations. We have been the most ignored country in Central America. I might add the most forgotten and perhaps the most battered. The events today are our vindication of the fatherland as the century comes to a close.

We must not interpret success in monetary terms. That is a mistake. We must forget about reaching for a handout. We must become accustomed to working for ourselves. We have hosted an event which I believe has brought us dignity. My Central American colleagues have said so. This, in itself, is a positive result. International education organizations have immediate programs. UNESCO, for example, has a program to reinforce the Morazan School of Honduras. What better way to help people than to improve their education. That is an immediate result. I could also mention help for our children and our poor in terms of human rights, justice, and so on. There is immediate assistance in all areas. Now we have overcome the internal situation created by the economic measures, I believe the future for Honduras and Central America is quite different.

[Station announcer] President Ramiro De Leon has requested the floor, and the Honduran president has agreed.

[De Leon] I would like to add one thing. It has been said before, but it seems we are having trouble understanding it. We have made great progress in Central America. We have overcome electoral fraud, coups, and authoritarianism, and we have also overcome internal armed conflicts—except in my country, Guatemala, will achieve this very soon. Now we are facing a new problem, perhaps more serious, which is the economy. Nevertheless, we must realize that it is not only the leaders and the government who must find solutions. This is a task for each and every one of us. The enormous step we are taking here today in this new way of coming before those to whom we must answer and whom we respect most—the people of Central America represented by various organizations in the society we govern—is intended precisely to get everyone to participate. The media is part of that group, along with the religious organizations and educators. The universities have not only the obligation to graduate students and provide professionals but to give their graduates a degree of social awareness based on their knowledge of the crude and difficult Central American reality.

I could continue to talk about specific sectors and their obligations. Right now the religious sector has the responsibility to find evangelical reconciliation and work toward it. We are all responsible: education, health, and all sectors, not just the government, but all groups that make up the civilian population. That is why I am emphasizing this milestone in Central American history: We have overcome political violence and entered a more difficult phase. We have left behind violations of human rights, life, freedom, safety, security, and dignity to begin the most difficult stage in the process. It is the most difficult stage because it does not depend solely on the political resolve of our rulers but on the elimination of certain difficult structures. It is, therefore, our obligation to break these legal, political, and economic structures and respect the most vital aspects of human rights, which are economic, social, and cultural rights. Education, health, housing, and nutrition are just as important as respect for life and freedom, and they depend on each other.

I wanted to mention this because there is doubt about what commitments we have made here. We have made enormous commitments. We have responded to the demands of the civilian population in this document. We have agreed to convene these summits regularly. In the past we welcomed representatives of each sector individually. Now we will do it this way. We have set forth this new method during this historic encounter in Tegucigalpa. We make the commitments together and describe

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them in a document, but they are the responsibility of all sectors, especially the civilian groups that participated extensively and made valuable contributions.

[Station announcer] This was an expansion of the answer given by Reina, who has now yielded the floor to the Salvadoran president.

[Calderon Sol] The Central American presidents have been working to give a framework to and establish the concepts for what we termed the alliance for sustainable development.

In Managua, we talked about the environmental problem. The idea was born in Guacimo. You see that all this has been continued. Today in Tegucigalpa, we are building the framework for the environmental, economic, social, and ecological aspects we had already discussed. We formed this great Alliance for Sustainable Development. But what is really historic about all this is that Central America is speaking a single language. It is talking about peace, democracy, and freedom. It speaks of guaranteeing the individual and collective rights of Central Americans. We have also established clear parameters for improving the lives of these Central Americans.

This is an historic day not only for Tegucigalpa but for Central America. The international community has gathered here. Central America has made a commitment, which is the Alliance for Sustainable Development. This commitment was made before international organizations and many countries, the presence of which is unprecedented at an event like this. These countries also vow to support development in the region.

In other words, the Central American region has been improving. It is a region that made headlines throughout the world for its fratricidal wars. It is back in the headlines now but in an era of peace. Central America is telling the international community: This is what we propose for the future development of Central America. That is what we did today. I believe this step Central America is taking in terms of integration, values, politics, and development is very important and historic.

[Station announcer] That was the Salvadoran president.

[Unidentified reporter] Since the opening day, we have agreed that Guacimo, Managua, and Tegucigalpa are unified in the concept of a new development style for Central America. But I think there is something that makes the meeting in Honduras different from the others. It is the incorporation of Central American organizations and civilian organizations in this event.

A specific commitment makes this event stand out: a commitment in the area of democracy. We vowed to hold periodic events like this in Central America to make new space in the dialogue for the participation of civilian society, friendly governments and countries, and international organizations to make this dream for Central America's sustainable development come true.

I think this is a special step forward for our region. This proves our origins and foretells our destination. We owe this to Honduras. We owe it to President Reina for convoking this meeting. We hope to maintain this progress in future Central American talks.

[Station announcer] This is a news conference by the Central American presidents.

[Moderator] Would Prime Minister Manuel Esquivel like to make any comments?

[Esquivel] May I speak in English? It is somewhat difficult for me to speak in Spanish.

[Moderator] Certainly.

[Esquivel, in English] I would just like to say that Belize has been involved in this process from the beginning, even before Guacimo, and Belize intends to be a full partner in carrying out the plans that have been laid out in the Alliance for Sustainable Development, as well as the plan of action which has been issued today by the heads of state and government meeting here in Tegucigalpa.

[Moderator] Cesar Ubeda of Managua's LA PRENSA will ask the next question. Immediately after, Rene Gomez Pinel of Honduras' Rica Noticias.

[Ubeda] Good afternoon, Central American presidents. This morning Mr. Schneider, assistant administrator of AID, said the United States will no longer write off Central American countries' debts. Does it mean that the Alliance for Sustainable Development and the subsequent search for economic independence within the short or long term have suffered a blow?

[Reina] I hear someone from the U.S. Embassy around here who is saying that is not true. [laughter] I do not think a region will develop because it is given money or, worse yet, because it asks that its debt be written off. Anyone who acquires a debt is acquiring an obligation and must pay for it.

If the generosity of a friendly country results in a debt being written off, that's great. It is a gesture of international cooperation. I think there has been some misinterpretation, because if there is one generous country in the world that gives out money, it is the United States of America.

As long as I can remember, it has always given plenty of aid to the entire world. Therefore, I believe that the Alliance for Sustainable Development must not be based on donations or pardoned debts. Development must be a global thing. We live in a global village: the earth.

If the risk of war is removed and peace is established, if the war on illiteracy is fought, if we fight corruption in all its forms—that would be a big battle in Central America and in today's world. Corrupt individuals are being persecuted in Brazil, in Italy, everywhere in the world... [pauses] this, I believe, must be part of this drive for the

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benefit of the Central American people. Without violence, corruption, and hunger, the outlook will be very different in the next century.

[Gomez Pinel] Mr. President, let us discuss the foreign debt since it is the main factor affecting the Central American nations. Could it be negotiated as a bloc? I do not mean requesting that it be written off but negotiating it as a bloc. Will this proposal be made at the Miami summit?

[Reina] I think here what you are saying is very positive. We have been holding these types of talks. When Enrique Iglesias, president of the Inter-American Development Bank, came here he told us that our country had a lid on it, almost a tombstone that did not allow us to breathe. He gave us advice that I feel was extraordinary. That tombstone is the foreign debt. This government inherited an overwhelming debt that amounts to 34.225 million lempiras, in other words $3.7 billion. If we pay high interest rates on this debt or get hard loans, to explain it both ways, the debt problem will be very difficult to solve.

Iglesias offered to change the hard loans to soft loans. This means they will be long-term loans with very low interest rates. These loans will help us get out of the hole and enable us to look at a better future. Debts must be paid. When there were a lot of petrodollars, we got all kinds of big loans. Later on, we had to pay high quantities because of those debts. These are debts we are unable to meet unless we neglect the social sector, a sector that is most important to us.

[Station announcer] Alejandro Miranda of El Salvador's Teleprensa will ask one of the last questions.

[Miranda] With regard to the foreign debt, President Reina already referred to the Honduran debt. However, in the case of El Salvador and Guatemala, what mechanisms will be implemented? According to the commitments signed here concerning economic aspects, you vowed to support each other in the negotiations. I would like you to explain if you will follow the same system or what the situation will look like.

[Calderon Sol] El Salvador's foreign debt exceeds $2 billion. It has been renegotiating it with great efforts and working very hard, as well as by readjusting credits. We have been meeting all our obligations despite having gone through a fratricidal war. We are cooperating so that all Central American states can readjust our debts, as President Reina said, in an effort to extend the repayment periods and give development a chance. However, we will not pull out of underdevelopment by getting our debts written off or by extending our repayment period or receiving the help of the international community through donations and gifts. The only way to get the Central American nations out of their stagnation and underdevelopment will be through work.

If we do not understand this, we are doing nothing. The Alliance for Sustainable Development is precisely that. It represents the new Central American. It is the Central American with values such as freedom, democracy, and respect for human rights in the region. It is the Central American who has a social awareness and has feelings of solidarity. It is the Central American who tackles the problems of poverty. It is the Central American who does not turn his back on it. It is the private sector that is aware of its duty to pay taxes. This supportive Central America is the Central America we are promoting with the Alliance for Sustainable Development.

The foreign debt problem of our countries will not be a problem if we work and produce. We are sure that we will pay it off. The debt problem is not overwhelming for us because we know that the people of Central America are willing to work and face our obligations with dignity. This is what we have done and are doing.

We hope to get international cooperation and solidarity. It is welcomed. We appreciate it and we need it in this world, which is becoming increasingly globalized, a world that is becoming smaller and more cohesive thanks to the immediate communications mankind has.

With regard to this, I can tell you that we will all try to readjust our debts. It is like a private economy or a family economy. This is how the economy of states works.

[De Leon Carpio] I only want to add that in the case of Guatemala, the debt does not amount to that much. It is not more than $1.2 billion. Notwithstanding, we have serious commitments. We are fulfilling our commitments despite the fact that I found a country in crisis when I assumed office. That was because of reasons we all know, particularly because of the corruption, which is our main struggle.

But as my colleagues just said, I think that we must stop complaining or trying to see how our debts are written off or how aid is given to us. Of course, we must put up a fight and, in addition, international aid is always welcome. We are involved in a permanent struggle, a permanent negotiation just like one does with a personal debt. When one owes a bank and cannot pay, then one goes and renegotiates or requests an extension of the payment. One tries to solve that problem.

I think the time has come for Central America—as the Salvadoran president said—to fulfill its obligations.

In Guatemala, for example, if all those who have more, which is the minority, fulfilled their tax obligations, we would have enough to pay the interest of our debt and invest in social projects that will benefit Guatemalans. We are all engaged in that struggle. Guatemala is one of the countries with the greatest tax injustices. Thus, we are involved in that struggle.

According to information we received yesterday, 20 percent of the Central American population that is wealthy showed a growth of 75 percent. However, 20 percent of those who have less in Central America

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showed a 50-percent drop in growth. This cannot be. This gap between the rich and the poor is widening.

But all that matters now is that, together, we can pull Central America out of the situation it is in. Instead of complaining and trying to get our debts written off, we should be working, as the Salvadoran president said. Let us work and try to get resources. The only way to move on, the only way to implement a revolution—the only kind of revolution that fits today, a revolution without weapons—is through development. It is the revolution of social and economic development. We can do this through work and obtaining resources. A government cannot work without resources.

Two factors are needed: First, we need resources. To do that, you must have an efficient tax collection system. Those who do not pay taxes must be punished by the law, like it is done in any developed country. Second, once we have resources, then they must be invested honestly. This is what we are fighting for in Central America.

In addition to this and responding to your question, negotiations are a good opportunity. Some have bigger debts than others but all could renegotiate with the international financial organizations as a bloc.

Naturally, they will pay more attention to us if we negotiate as a bloc, rather than individually. But more than this, tax collection is most important. This must be done effectively. It can only be done by punishing evasion. The just thing is for those who have more to pay more in order to benefit those who have less, which is the majority of the population.

I am certain that we would have enough to pay the debt and the corresponding interest.

[Moderator] A question from Channel 13 of Panama.

[Unidentified Channel 13 reporter] In this conference, which is characterized by the incorporation of society into the discussions, I would like to know what will be the follow-up mechanisms that will be used for the demands made at this forum, one of them being to give a new boost to regional (?demilitarization), especially if we take into consideration that the agreement was drafted by government officials and they did not participate in the drafting of the [words indistinct].

[Reina] What you said is essential for this conference. This is the first time that...[pauses] In Nicaragua, we received two of their [word indistinct] it is the reconciliation of the political forces that rules the states with a so-called civilian society, such as public universities [words indistinct].

This topic is not regulated or systematized. It is an issue that is emerging. All Central American presidents have agreed on this but we need to systematize it.

The document of the agreement, which is the most important...[pauses] I read the declaration, declarations are declarative. The second document is made up of commitments. The commitments document includes the commitment to systematize the participation of the civilian society. It is not easy. This is something very new. The states have the representatives that lead them. Central America is becoming integrated. It is forming a unit. It is following the mandate of the hero Francisco Morazan.

I did not want to interrupt the Peruvian delegate when he said that there was not that much in common between Peru and Central America, but when Morazan was sent to exile, he went to Peru and there, Pedro Bermudez, the general, loaned him 18,000 pesos and when the hero was given three hours to die, he said. I must pay those 18,000 pesos. This is the hero who inspires Central America. He is the best example that unites Central America and in this case, we have this debt with Peru and [words indistinct]. We already paid it. [laughter] In Costa Rica, this hero was not paid for the three months he fought there. These are historical facts of the hero's life, and they must be studied. Our devotion to Morazan must guide our path in history.

The document on the political commitments include the matter on the civilian society. It is not easy to give it shape right now, but we all agree on moving in that direction. One of the main advocates of this are the president of Guatemala and El Salvador, as well as the Belizean prime minister.

Conference Document Issued

PA2810040194 San Pedro Sula TIEMPO in Spanish 26 Oct 94 pp 38, 41

["Document on Economic, Social, Cultural, and Integration Commitments" signed by the Central American presidents and the Belizean prime minister in Tegucigalpa on 25 October—passages in boldface as published]

[FBIS Translated Text] **PREAMBLE**

The Central American presidents and the Belizean prime minister gathered in Tegucigalpa have drafted the basic commitments based on the Alliance for Sustainable Development signed in Managua, Nicaragua, on 12 October. This effort—along with the agreements of Guacimo, Costa Rica, and the commitments of Volcan Masaya, Nicaragua—displays the maturity of regional negotiations in efforts to achieve higher levels of integration, democracy, progress, and well-being for our peoples.

On the brink of the coming century, Central America is determined to build an alliance among its countries, as well as with other countries in the world, to direct and consolidate the changes it has experienced in recent years. The democratizing goal involved in this action, as well as the unalterable resolve to achieve the highest stages of sustainable development, is not only expressed through actions taken by the governments of the region regarding their own countries, but also through increasing degrees of integration and concerted action among the states and the various sectors of society.

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Convinced that peace is indispensable to achieving sustainable development, we earnestly hope for the successful conclusion of the peace negotiations in Guatemala by the end of the year. We reiterate our support for the determination of the people of Guatemala and their President Ramiro de Leon Carpio to sign an agreement as soon as possible, and we praise the effort the parties are making with the support of the United Nations. Central America looks forward to the end of the last internal conflict in the region.

With this hopeful prospect, Central America is channeling its efforts toward facing the future from an approach focused on sustainable development. This approach emphasizes the significance of human beings, enabling them to realize their potential, and putting this potential at the service of the community. This complex task will only be possible through our own efforts and the sustainable support of the international community.

After years of effort, our region has finally been able to unequivocally channel its efforts toward sustainable development. In Tegucigalpa, we concluded a dialogue that inaugurates a new stage in the relationship among the region's governments and the various sectors of Central American society, integration organizations, and the international community. This relationship will facilitate a greater understanding of the problems we face in view of the new century to redefine cooperation and international solidarity for the sake of fulfilling the requirements and aspirations of sustainable development.

Tegucigalpa, Honduras, Central America, 25 October 1994

Political Commitments on Peace

1. We commit ourselves to channel our efforts to consolidate and continue building peace in the region in a dynamic and active manner to promote an integral development of our societies. We will achieve this by intensifying our struggle against poverty; by consolidating democracy and the de jure state; by promoting productive modernization, environmental conservation, and a rational use of renewable natural resources; and by modernizing the state.

In turn, we urge the international community to give broad support to this decision. We also urge international, regional, financial, and technical organizations to consider the Central American situation on a regional level while understanding the prevailing qualitative differences in the development of the countries in their policies, plans, and work programs. We therefore urge these organizations to consider the various economic and social situations of the states in their actions.

Democracy

2. We commit ourselves to define an action plan to improve and deepen the decentralization of state services, while respecting the cultural and ethnic diversity of the region.

We call on the National Councils for Sustainable Development to exchange experiences and progress made in this effort. Likewise, as the Central American Council for Sustainable Development, we agree to hold a meeting within the first six months of 1995 with members of the National Councils for Sustainable Development.

3. We will launch a plan for the development as well as for the administrative, financial, and political strengthening of the local governments.

We commit our best efforts to facilitating the consolidation of the various forms of social organization.

4. Within the framework of strengthening the respect and validity of human rights, we commit ourselves to always encouraging the advancement of these rights in our respective countries.

To support this strengthening, we urge the Central American Council of Human Rights Ombudsmen, with the support of the SG-SICA [Secretary General-Central American Integration System], to conduct a study, to present a report on its promotional activities, and to propose ways and means for promoting and systematizing them.

5. We commit ourselves to implementing an action plan in the field of education for peace and democratic coexistence by updating, improving, and deepening the action plans.

Likewise, we emphasize the importance of quickly carrying out the "Program for Peace and Democratic Culture in Central America," which already has the support of the University for Peace.

6. We are instructing the educational authorities in all of Central American nations to prepare an action plan to update, improve, and deepen the contents of the study plans at all levels in the field of education for peace and democratic coexistence. We emphasize the importance of UNESCO's support in establishing in El Salvador the first International Center for a Culture of Peace whose activities will be decisive for promoting a peaceful culture in our region.

Regional Security

7. We promote our commitment to improving the administration of justice and fighting crime, thereby guaranteeing the security of the people.

We instruct the Council of Foreign Ministers to learn about the "Justice on the Move" action plan and turn it over to the corresponding national and regional authorities to enable them to implement it as soon as possible. This action plan has been prepared by the UN Latin American Institute for the Prevention of Crime and the Treatment of Delinquents to strengthen and consolidate the de jure state and democratic institutions.

8. We stress our commitment for a determined struggle against drug trafficking and crime, as we said in our

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Agenda and Action Program adopted at the 15th Summit of Central American Presidents.

As part of this determination, we are tasking responsible national authorities and the Permanent Central American Commission for the Eradication of Production, Trafficking, and Consumption of Narcotics and Psychotropic Substances with the job of drafting a detailed report on the progress made in fulfilling the agreements reached at the Guacimo meeting. We reiterate the instruction that, in terms stated at the aforementioned summit, a regional antidrug unit should be created. We also express our renewed desire to increase the collection and the exchange of information in our efforts to fight crime.

9. We will promote actions and measures having a direct and positive impact on the increase and efficiency of the security of the population throughout the region.

To this end, we reiterate our support for the work being carried out by the proper authorities to promptly establish and operate a Central American training institute to strengthen civilian police.

10. We pledge to strengthen and modernize, both technically and financially, the institutions and mechanisms for the prevention and control of fiscal corruption and tax evasion, as well as to promote the harmonization of legislation in our respective countries on this matter.

11. In light of the regional security decisions we adopted at our 15th summit, we have decided to immediately reactivate the Central American Security Commission in an effort to establish the regional democratic security model stated in Paragraph 11 of the Guacimo Agenda.

12. We have decided to continue promoting and supporting the implementation of the plan to remove mines in Central America—an effort that requires the support of the international community.

13. We express our desire to establish in Honduras a Central America and Caribbean Office of the UN Center for Disarmament, Peace, and Development.

Economic Commitments

14. We pledge to direct our economic efforts in keeping with the terms of the Alliance for Sustainable Development in an effort to attain the highest levels of economic and social well-being for the Central American people, to achieve a felicitous incorporation into the international economy, and to guarantee a greater degree of autonomy in determining our destiny.

14.1. We instruct specialized regional organizations to formulate action plans on the 12 economic objectives of the Alliance for Sustainable Development of Central America.

14.2. We instruct the Forum of Central American Economic Cabinets to conduct, together with the support of SIECA [Secretariat of Central American Economic Integration] and skilled regional agencies, a qualitative evaluation of the progress of the Central American Economic Agenda and to adjust the agenda to the substance of the Alliance for Sustainable Development of Central America, taking into account its objectives and commitments.

Priority Areas

15. We have identified the following priority areas:

15.1. Promote the harmonization and coordination of macroeconomic and sector-specific policies in our respective countries.

15.2. Broaden and deepen the training of human resources in the region to incorporate large segments of the population into competitive production processes.

15.3. Efficiently incorporate Central America into the world economy through established mechanisms.

15.4. Establish sustainable productive processes to encourage production without harming the environment.

15.5. Implement industrial reconversion under the provisions of the Alliance for Sustainable Development.

15.6. Support environmental and sustainable tourism programs and projects.

15.7. Rebuild, rehabilitate, and modernize regional infrastructure, especially in the areas of transportation, energy, and telecommunications, in keeping with the terms of the Alliance for Sustainable Development.

15.8. Increase economic growth rates to reduce poverty levels and to guarantee the social and political sustainability of peace and development processes in the region.

16. Foreign Debt

Considering the heavy burden created by foreign debt and insufficient resources to calculate the sustainable development of our countries, we agree to support one another's debt negotiations and, as warranted, adopt joint measures to reach common goals in this area.

17. Border Area Development

We think that sustainable development projects in Central American border areas combat neglect and poverty and promote the preservation of natural resources and harmony among our peoples. Therefore, we support efforts in this area.

18. Science and Technology

We instruct the Central American Science and Technology Commission to present a report, based on respective national studies, on the progress achieved in the implementation of the Regional Science and Technology Program at the upcoming presidential summit.

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19. Social Commitments

We commit ourselves to place people at the center of the Alliance for Sustainable Development within a framework of equity, solidarity, equal opportunity, and full paatioipation of society. This commitment includes assuring the population access to basic social services, whose quality must be progressively upgraded.

We instruct our new social cabinet members to immediately proceed to organize, with the coordination of the Regional Social Affairs Commission, a meeting to discuss and draft general guidelines to establish, in the short-run, the bases for a regional social policy. Once completed, this report should be presented at the next summit of Cental American presidents.

20. Social Integration Treaty

Pursuant to the above-mentioned commitment and agreements reached at our 15th summit, we will continue to support the consultation process to formulate the Central American Social Integration Treaty that will be presented by the Regional Social Affairs Commission through the appropriate channels of the Central American Integration System at the upcoming Central American presidential summit.

21. Overcoming Poverty

We hereby commit ourselves to implementing development plans directed at increasing the impact of poverty-fighting activities and to bring about solutions in overcoming the structural factors that generate poverty within the mid-term and long-term periods. These plans should also ensure social investment in accordance with the Alliance for Sustainable Development.

We hereby instruct our social cabinets to present a plan and program, in coordination with the Regional Commission on Social Issues, regarding the technical and financial aspects of this agreement.

We hereby call upon international financial institutions to join in this Central American effort by, among other things, supporting the Central American social investment plan against poverty.

We will strengthen our selection procedures for social programs, basing such procedures on subsidy, solidarity, shared responsibility, and self-help criteria, and by paying special attention to the poor. Special emphasis will be placed on the nurturing and support of municipal structures, which will be responsible for organizing community participation.

22. Elimination of Discrimination

We are hereby committed to continue promoting the elimination from Central American society of all institutional practices that might allow discrimination based on sex, race, nationality, age, health, religion, or political affiliation.

We hereby reaffirm our commitment to establish the conditions needed to gradually eliminate such practices completely from our society.

23. Development of Communities Affected by Armed Conflicts

We hereby agree to promote the incorporation and development of all of those communities affected by armed conflicts within a context of reconciliation and nondiscrimination in an effort to bring them from a state of emergency into a state of development.

24. Education and Health

We are hereby committed to giving utmost attention to education and health for the people of Central America as the basic assets for sustainable development in the region.

To this end, we have instructed the Ministries of Education to implement the regional plans approved at the 14th Regular Meeting of the Central American Educational and Cultural Coordinating Board (CECC). In addition, we have instructed the Council of Health Ministers (COMSICA) to seek the prompt implementation of the principles, scope, plans, and objectives of the third phase of the Central American health initiative within the context of the Alliance for Sustainable Development. We also affirm our support for the Narino Commitment that was adopted during the Second American Meeting on Childhood and Social Policies.

25. Food and Nutritional Security

We want to guarantee for the people of Central America an effective food and nutritional program that will function in accordance with the characteristics and idiosyncrasies of each country.

To make our commitment feasible, we have asked the economic and social cabinets to implement support measures.

We urge the Central American private sector to actively participate in the effort aimed at granting the people food and nutritional security by implementing measures that would guarantee the quality, weight, and nutritional properties of food as well as biological and toxicological protection.

26. Family and Sustainable Development

We commit ourselves to coordinating economic policies with social and cultural policies to promote in an integrated manner the family as the focal point when implementing public policies and directing the corollary programs.

We entrust the Forum of Social Cabinets—with the support of the Technical Secretariat of the Regional Commission for Social Affairs (ST-CRAS), and in coordination with the National Coordinators—with the task of conducting a qualitative assessment of the progress

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achieved in pursuit of the commitment signed at the Social Summit of Tegucigalpa (December 1991) and to report on its results in a period not to exceed 120 days. The report to be submitted should include recommendations on how to progress in complying with the definitive goals of the national action plans and their adjustment to the Alliance for Sustainable Development.

We reiterate our undivided commitment to the agreements signed at the World Summit for Children and the establishment of the proper mechanisms for the coordination of the internal laws of countries with the Convention on the Rights of Children within the framework of sustainable human development.

27. Women's Integration Into Development

We will continue promoting full equality between men and women and increasing women's contributions to progress and social development. We also will promote policies designed to eliminate obstacles to equality, thereby supporting the full participation of women in the improvement of society.

28. Follow-up Mechanism

We commit ourselves to ensure a specific follow-up to the social commitments, and we instruct the CRAS to submit for our review, within a period not to exceed six months, a mechanism to strengthen the systems of social information at both the national and the regional levels.

29. Cultural Commitments

We commit ourselves to make culture the highest expression of our national and regional identity within the framework of the System for Central American Integration vis-a-vis the ethnic and cultural diversity of our peoples and an updated vision of the changes taking place in the world.

30. Strategy

We will instruct the CRAS for the Central American Educational and Cultural Coordinating Board to draft a strategy to follow up the cultural commitments resulting from the Alliance for Sustainable Development in consultation with the National Councils for Sustainable Development.

31. Cultural Patrimony

We will instruct the ministers of culture or the proper national authorities to send to their respective Foreign Ministries, within a six-month period, the following draft treaties:

- Central American Agreement To Protect Cultural Heritage;
- Central American Agreement To Hold Exhibitions of Archaeological, Historic, and Artistic Objects; and
- Central American Agreement To Restore and Return Illegally Removed Cultural Assets.

We will instruct the CRAS for the Central American Educational and Cultural Coordinating Board to draft a plan to promote the legal or administrative procedures aimed at achieving greater efficiency in the implementation, updating, and modernization of the laws on the protection and defense of the cultural heritage.

Evaluation of the Legal System for Integration 32. We commit ourselves to perfect and strengthen the Central American Integration System. To this effect:

32.1. We entrust the SG-SICA to—in coordination with the technical secretariats specialized in the areas covered by the Alliance for Sustainable Development—draft a report on the treaties, agreements, protocols, and Central American instruments and the details regarding their signing, ratification, and submission, as well as their validity and feasibility in those states signing the Alliance.

This report will be presented to the Council of Foreign Ministers to enable them to make their recommendations to the Central American Council for Sustainable Development on the occasion of the 16th Summit of Central American Presidents.

32.2. By way of the mechanisms of the Alliance for Sustainable Development and with the participation of the Information Ministries or secretariats and the support of the competent regional institutions, we commit ourselves to set up and implement a program for the promotion and permanent dissemination of the Alliance and to ensure that its results and accomplishments are in keeping with the commitments made.

Accords Involving Mercosur, ALADI Extended

PY2610213494 Buenos Aires TELAM in Spanish 0039 GMT 25 Oct 94

[FBIS Translated Text] Rio de Janeiro, 24 Oct (TELAM/SNI)—The Common Market Group (GMC), which coordinates the Mercosur [Common Market of the South], today decided that the bilateral agreements between Mercosur and ALADI countries will be effective until 30 June 1995.

According to an EFE News Agency report, the decision by the GMC—which comprises economic and diplomatic officials from the four countries—was announced today by Renato Marques, the Brazilian Foreign Ministry Integration Department chief.

The effectiveness of bilateral agreements, which were scheduled to expire on 1 January 1995 when Mercosur becomes effective, was extended to prevent Mercosur countries from damaging their relations with ALADI countries.

Under the Mercosur agreement, bilateral agreements between individual member countries and other South American countries were scheduled to expire on 1 January when the Common External Tariff (AEC) for imports from third countries becomes effective.

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The GMC has extended bilateral agreements for another six months to allow the governments of Argentina, Brazil, Paraguay, and Uruguay time to negotiate new trade agreements with their ALADI neighbors.

The new tariff exemption treaties with ALADI countries will be negotiated under the so-called "four plus one" system.

In other words, Mercosur countries, as a bloc, will negotiate with each country the various types of trade agreements.

Marques admitted that the extension of the agreements until mid-1995 will cause a gap in the Mercosur AEC agreement.

He said this would be a minor evil compared with the problems Mercosur countries might encounter if they automatically lose all ALADI tax exemptions.

Marques noted: "With this measure, we hope to calm export circles in the four countries which had expressed concern."

Mercosur Protection for Brazilian Naval Sector Protested

PY2710002594 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Oct 94 p 5

[Article by Marcia Raposo in Sao Paulo]

[FBIS Translated Excerpt] Brazilian ship owners and some naval industry entrepreneurs have managed to achieve something in the last few days. Luiz Fernando Fulran, president of the Sadia company and director of the Foreign Trade Department (Decex) of FIESP [Sao Paulo State Federation of Industries], said that instead of obtaining a reduction in national maritime navigation protection fees first to 40 percent and then to 20 percent, as they had requested of Committee Six of the Common Market of the South (Mercosur), they obtained "nothing more nor less than a local market reserve." He added that the "Argentines and Uruguayans are now protesting."

Furlan said the Brazilian companies, and particularly the large exporting groups, "will not allow the naval sector to transfer to the other industries the ineffectiveness of a protected sector, particularly because all the other sectors are more exposed to foreign competitiveness in view of reduced import taxes on industrialized products." If this occurs it will become impossible to compete, he said. The Decex director added: "Argentines and Uruguayans are already protesting the measure, and they have reason to do so." [passage omitted]

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Cuba

Robaina Sees U.S. 'Slowness' in Complying With Accords

PA2710235494 Havana PRENSA LATINA in Spanish 2142 GMT 27 Oct 94

[FBIS Translated Text] Havana, 27 Oct (PL)—Cuban Foreign Minister Roberto Robaina today said the second round of the Cuban- U.S. migration talks held in this capital was inconclusive, but he added that the round allowed for advances in outlining the positions of the two sides.

At a news conference held in this capital, Robaina explained the negotiations are not at a standstill, and he expressed hope there will be a willingness to comply with and honor those things on which the two sides agreed in New York in September.

Under the agreements, the United States promises to grant a minimum of 20,000 visas per year to Cubans, and Cuba agrees to stop illegal departures from the island through persuasive measures, among other things.

In this regard, Robaina said his country has strictly complied with its commitments, but he added that Cuba's counterpart has not acted in a similar manner.

Asked about the progress made since 9 September, Robaina noted: We perceive a slowness with what should have already been done.

He noted that the road is long and complex and that progress must be made on many things.

Robaina said the date for the next meeting has not yet been established. He added: "Systematic meetings must be held to continue making advances in terms of compliance with the agreements, and if these meetings are held within the next few weeks, that would be even better."

Concerning this topic, he said his country does not oppose discussing issues such as those Cubans who are at Guantanamo Naval Base or cases identified as humanitarian, but Robaina also explained that Cuba does oppose the adoption of unilateral measures on aspects related to the New York agreements.

Cuba, he stated, has the right to voice its opinion on the issue of Cubans at the Guantanamo military base (located on Cuba's eastern tip) even if it is up to the U.S. side to determine the mechanisms by which to grant the visas.

The path toward normalization of relations between Havana and Washington will never be one of impositions, blockades, or isolation; instead, it should be one of negotiation, even if there are differing viewpoints, the foreign minister reiterated.

He stressed that in New York the two countries were able to sit down at a bargaining table despite their divergent positions, and, notwithstanding, points of agreement and rapprochement emerged.

Asked about economic pressure measures adopted by the White House in August, Robaina said there are no signs of a change because these measures continue to be enforced. He added that anything that goes against the letter and spirit of the New York agreements deserves to be reviewed.

On 20 August, U.S. President Bill Clinton announced new restrictions against Cuba, including the suspension of remittances to relatives on the island, the reduction of flights between the two nations, and an increase in radio aggression.

The foreign minister stressed: What we agreed to in New York (with the United States) has absolutely no relation with those measures the same government adopted a month earlier—measures that plainly violate the right of Cubans residing in that nation to normalize their ties with their country.

Alarcon Discusses Latest Round of U.S. Talks

FL2810044994 Havana Tele Rebelde Network in Spanish 0205 GMT 28 Oct 94

[Interview with Ricardo Alarcon de Quesada, head of the Cuban delegation to the U.S.-Cuban migration talks, by unidentified PRENSA LATINA correspondent in Havana; date not given; from the "This Very Day" program—recorded]

[FBIS Translated Text] [Correspondent] Are both sides satisfied with the round of talks that just concluded?

[Alarcon] The Havana negotiations confirmed that both sides are committed to the integral fulfillment of the 9 September agreement. We recognized the U.S. commitment, and the United States recognized our commitment. This round also allowed us to review every aspect of the agreement and how well the agreement is being upheld. We were able to identify areas in which there has been progress. Progress has been made on the issue of Cubans trying to leave for the United States illegally: It is a fact that this practice has been practically stopped without any incident.

However, some efforts to fulfill the agreement have yet to materialize. They committed to granting a minimum of 20,000 visas annually. We verified that initial steps are being taken, including sending the necessary personnel and organizing the effort. We noted during the conversations all the steps that must be taken and noted everything that must go into that program to ensure a minimum of 20,000 visas. Naturally, some other areas still need to be fine- tuned: It is one thing to discuss and agree on a text or a program along the lines of the agreement signed on 9 September, while it is another thing to examine how each step has been put into practice.

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It is very important for those who have negotiated an agreement to be convinced that the other side is acting according to what they agreed. It is on that basis that both parties reiterated, manifested, and expressed in the meetings the commitment to jointly continue overseeing how the agreement is fulfilled to avoid different interpretations and contradictions when those efforts materialize. That is a guarantee of security for the medium- and long-range fulfillment of this agreement and its continuation.

I believe this because both sides said more or less the same thing after the meetings. We did not agree on what we were going to say. It was simply the impression both sides got from the meeting.

[Correspondent] What was most debated during approximately 30 hours of talks? Were the so-called basic problems mentioned?

[Alarcon] We have said on many occasions that the basic problem preventing normal U.S.-Cuban migratory relations has existed for decades, namely the hostile U.S. policy on Cuba which includes the economic, financial, and trade blockade. The blockade is clearly the main cause of the problem and the main obstacle to carrying out the agreement that we have signed. This makes it necessary that the blockade be included in the talks, even though it is not what is being discussed. We cannot avoid the blockade and its consequences when we consider the practical steps and method of fulfilling an agreement that seeks to normalize migratory relations.

Take legal emigration as an example. You must obtain a number of documents to emigrate: You need not only a passport and a visa from the country to which you intend to travel but also an airplane ticket. This suggests that there are flights between the two countries. This suggests that there are financial transactions between the two countries that help the person who wants to emigrate to do so successfully.

We have found that the same government that has taken important steps to rectify the path of a policy that is several decades old, that encouraged and fomented illegal emigration, and that committed itself to opposing violence and to refusing hijackers and to changing the 30-year-old policy at the same time commits itself to encouraging legal and orderly migration. That same government adopts measures to complicate legal emigration, such as suppressing travel, drastically reducing trips, and suppressing remittances.

That is why I am convinced that those measures are incompatible with the agreement and that they will have to be eliminated. Even though we did not negotiate this with the United States, we did mention it—and not just in a theoretical sense, as I just did. We discussed it in practical terms when we discussed how to organize and guarantee fulfillment of these steps of the agreement—in other words, how this legal emigration is carried out.

I have no doubt—and they reconfirmed this later—that the U.S. organizations represented at the Havana meeting are completely committed to ensuring that those terms of the agreement are upheld. We have to see how Washington solves this problem, how it faces the reality that some of its decisions contradict other decisions it has made. Therefore, I am convinced that the 20 August restrictions inevitably will be eliminated for the good of legitimate U.S. interests.

[Correspondent] What will be evaluated during the next round of talks?

[Alarcon] The next meeting will take place in a few weeks. We will pick up where we left off and see what has been done and what difficulties may have arisen. We will identify any obstacles or misunderstandings that may have arisen, with the purpose of resolving them so that both sides can continue fulfilling the terms of the agreement coherently.

They happened to be here, in Havana, when that Miami judge issued the ruling that prevented the plane carrying the 25 Cuban citizens who voluntarily asked to return to Cuba and whose requests were granted by the Cuban Government from leaving Guantanamo naval base. This could have proved an important obstacle or jeopardized fulfillment of the agreement. However, the agreement was upheld. Cuban authorities will review each case of those who want to return to Cuba to ensure that this process is carried out appropriately.

A group of 25 wanted to return under those conditions. A Miami judge—apparently totally ignorant of geographic borders, because Guantanamo is not part of the district of Miami and has nothing to do with its jurisdiction—issued an order prohibiting the plane from taking off. Obstacles such as these may arise. We need not worry about a judge's ignorance. A group of lawyers closely linked to the counterrevolutionary Miami mafia promoted this judicial action. The existence of such contradictions is clear: They could influence the agreement one way or another.

The U.S. Administration allegedly took the measures it took on 20 August—prohibiting travel and remittances and intensifying radio aggression against Cuba—to satisfy factions within the counterrevolutionary Miami mafia. How do they pay them? They pay them with obstacles to fulfilling the agreement and to the agreement itself. I imagine that some in Washington are asking themselves if it is right or even smart to do favors for those who act in the true sense of the famous saying about the crows: They raised them, and now they want to pluck out their eyes.

[Correspondent] Has a deadline been set for fulfilling the agreement?

[Alarcon] The terms of this agreement do not establish a deadline for its fulfillment. There are several points: One is that the United States commits to helping all Cuban

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emigrants who are on the waiting lists—in other words, all those eligible to emigrate to the United States who have all the necessary paperwork and who have been waiting for years—to travel to the United States within one year—that is, by 9 September 1995. The rest of the agreement implies a continuous process of bringing into effect what was agreed upon and a continuous process of revisions, coordination, and consultations to ensure that all this is being fulfilled.

In other words, I believe that this—as I have said on other occasions—inevitably leads us to a joint effort—also confirmed to be the will of the U.S. side—to ensure that there are no loose ends and that we remain vigilant not only in ensuring that commitments are met but also in reiterating the commitment to continue meeting them.

Therefore, I cannot say that this will be completed by such and such a date. This is all about a new policy that seeks to normalize a situation that for 35 years was characterized by illegality, violence, and the total disregard for the two countries' laws. It subversively manipulated this issue in an effort to destabilize Cuba and create problems for this society. Changing that 35-year-old policy means guaranteeing that they never return to the past, that those practices are never resumed, and that both sides take on the real responsibility of ensuring fulfillment of the agreement on a regular and permanent basis.

[Correspondent] One last question: Was the meeting a success?

[Alarcon] The meeting was positive. We met our primary goals. Above all, it serves to reiterate and confirm the common will to respect the integrity of the agreement and the commitment to work together to ensure its materialization and to control the application process of the agreement. We had time to discuss in detail all the aspects of the agreement and to identify all areas where while there is not complete agreement on interpretation of the issue, there is the will and commitment to act together. This requires new examination, reflection, and discussion between the two sides.

Havana Notes U.S. Reaffirmation of Refugee Decision

FL2710145694 Havana Radio Progreso Network in Spanish 1200 GMT 27 Oct 94

[From the "First Thing" program]

[FBIS Translated Text] The U.S. Government, through its Justice Department in Washington, has reaffirmed that the illegal Cuban emigrants being held at the Guantanamo Naval Base do not have legal rights in the United States. This statement was made in view of District Court Judge Clyde Atkins' order which temporary prohibits the repatriation of the so-called rafters.

Panamanian Capture of Two Escaped Refugees Confirmed

FL2810013694 Havana Radio Rebelde Network in Spanish 0000 GMT 28 Oct 94

[From the "Exclusive" program]

[FBIS Translated Text] A U.S. Southern Command spokesman reported on 27 October that Panamanian authorities have already captured two of the 21 illegal immigrants who escaped from U.S. camps in Panama. The spokesman added that U.S. military police and Panamanian authorities are searching for the escapees from among the 8,300 illegal immigrants brought to four camps at U.S. military installations in Panama from Guantanamo Naval Base. Eight Cubans are currently staging a hunger strike to demand passage to the United States and to protest living conditions in the camps.

Commentary Criticizes 'Deplorable' Conditions at Camps

PA2710035994 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Oct 94

[Commentary by Roberto Morejon from the "Evening Information Review" newscast]

[FBIS Translated Text] The U.S. Government, which is the self-proclaimed world's sentinel of the respect for human rights is paradoxically facing criticisms by some sectors of its society, including part of the Cuban emigrant community. They are criticizing the deplorable conditions at the Guantanamo and Panama camps, where more than 30,000 Cubans are gathered. The portion of Guantanamo province that the United States has illegally occupied since the beginning of the century has become a main confinement center for approximately 23,000 Cubans who left the island through their own means, encouraged by the traditional open- arms policies promoted by nine U.S. administrations.

The Clinton Administration reversed itself in ordering that the Cuban rafters be detained in the high seas and forcefully sequestered in camps hurriedly built in Guantanamo and later on in Panama, without providing minimum housing conditions.

The news agencies reported the case of a girl born one month ago in Guantanamo base who was returned to the rather uncomfortable tent where her rafter parents live, after being held for only 48 hours at the field hospital in the military installation. The image of the newborn girl sleeping in a crib hurriedly built with pieces of wood and plastic shocked the reporters authorized to visit Guanatanamo Base for only 24 hours, a period of time that was, nevertheless, enough for them to notice poor sanitary conditions and the dust that the dwellers are inhaling.

Despite the fact that the leadership of the mafia-like Cuban-American Foundation supported the measures taken by Clinton to stop the rafters, it has had to retract

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and echo the irritation felt by large sectors of the Cuban emigrant community, which is harshly criticizing the White House for the forceful sequestering of rafters, the ban on sending remittances to the island, and the reduction in the number of Havana-Miami flights. This is why a group of lawyers of Cuban origin this week sued the U.S. Government, accusing it of violating the rights of more than 30,000 Cubans sheltered in Guantanamo and Panama. The U.S. Government is now facing the unusual situation of confronting a sector of the Cuban emigrant community, which the U.S. Administrations traditionally courted in the dangerous game played for years to destabilize Cuba. The U.S. Government has refused to admit that the economic blockade is the cause of all these problems, because without the blockade, there would not be weighty reasons for a mass exodus from Cuba, as the ones that took place in August and September.

Robaina Welcomes UN Vote Opposing U.S. Embargo

PA2810002294 Havana PRENSA LATINA in Spanish 2206 GMT 27 Oct 94

[FBIS Translated Text] Havana, 27 Oct (PL)—Foreign Minister Roberto Robaina stated here today that the vote at the United Nations in opposition to the U.S. blockade against Cuba was a vote acknowledging the resistance, equanimity, and dignity of the Cuban people.

During a press conference, Robaina noted that at a recent UN appearance he proclaimed that the efforts adopted by the Cuban people to resist the economic, financial, and commercial blockade deserve overwhelming recognition from the UN General Assembly.

Robaina stated that the 101-2 vote in support of the resolution was evidence of the integrity of Cuba's 30-year-old denunciation of the blockade, adding that the vote also reflected the international community's tremendous support.

Therefore, this was a vote in favor of the Cuban people's struggle, dignity, and their willingness to resist, Robaina pointed out. He added his government does not view the vote as a victory, but instead it believes the most important thing is for truth and justice to prevail.

The 38-year-old minister stressed: I also believe it is a loud and clear message to those people in some parts of the world, and particularly in the United States, who call themselves Cubans and yet support this criminal blockade policy of genocide.

He noted that the number of votes obtained represent a steady increase with respect to the 1992 and 1993 results, adding that this increase has occurred despite last-minute pressure on some countries to vote against Cuba or at least to abstain from voting.

"Above all else, I believe the resolution confirms the goals and principles defended by Cuba, espoused in the UN Charter, and upheld by international law, specifically those principles related to the sovereign equality of all states, noninterference in other nations' internal affairs, and the freedom to trade with any country in the world," Robaina stated.

Likewise, the Cuban foreign minister highlighted the favorable vote received from several Group of Eight [as received] member- tates, nations with the highest level of economic development in the world. Robaina also pointed out that with the exception of one, all of the other countries will be taking part in the Havana International Fair at which manufacturers and businessmen will meet to establish contacts.

According to Robaina, the most important issue is to show the world that the number of nations that support Cuba in its struggle against the blockade is overwhelming and transcends the UN framework.

He concluded by indicating that the United States should listen to the international community's call to eliminate the main obstacle to the normalization of relations with Cuba.

[Mexico City NOTIMEX in Spanish at 2036 GMT on 27 October transmits a related 520-word, Havana-datelined item that cites Robaina saying the 26 October vote at the United Nations also reflects Cuba's "new and superior" relations with Latin American countries. According to NOTIMEX, Robaina said: "We had been expecting more Latin American votes in favor of the resolution." The report adds: "The foreign minister pointed out that the majority of the countries in the region supported the resolution with only three abstentions and four absences. Robaina also highlighted Paraguay's change of position. Last year, Paraguay voted against the resolution and this year it voted in favor of it."]

Authorities Report Impact of U.S. Blockade

PA2710193594 Havana PRENSA LATINA in Spanish 0908 GMT 26 Oct 94

[Report by Elsy Fors]

[FBIS Translated Text] The UN General Assembly is today once again focusing its attention on the 32-year-old U.S. blockade of Cuba. Resolutions against this anachronistic international policy were approved in 1992 and 1993.

The Cuban Government has estimated at 40 billion the losses caused by the blockade through 1993. These losses are compounded by the multitude of negotiations that were never completed because of coercion by Washington.

With the North American Free Trade Agreement (the United States, Canada, and Mexico) that entered into force on January 1994, Washington pressured Canada and Mexico to prevent negotiations with Cuba.

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Mexico's Canacintra [National Association of Manufacturers] and Coparmex [Mexican Employers Confederation], as well as Toronto's Rochman Sales and other companies, have been threatened by the Cuban-American Foundation (FNCA) and extreme right-wing organizations against investing and trading with Cuba.

In Argentina, there was an attempt to hamper imports of Cuba's meningococcus vaccines by intimidating officials who should finalize the deal. In Spain, also, pamphlets were circulated insulting and showing photographs of that country's businessmen who make deals in Cuba.

The Jamaican Economic Development Agency informed local hotel owners that the U.S. Government suggested they proceed with caution in investing in tourist properties in Cuba, since many may be the target of future lawsuits.

In that respect, Gerardo Trueba Gonzalez, director of the National Economic Research Institute in Havana [Instituto Nacional de Investigaciones Economicas], cited specific examples of suspended transactions and unfulfilled contracts between Cuba and foreign companies because of U.S. pressure.

One of the most recent damages caused by the blockade was in the sale of vitamins to fight epidemic neuropathy. Cuba had to pay $200 million plus freight and the highest market prices because it was prevented from acquiring them from U.S. companies.

Before the approval of the Torricelli bill in October 1992, which tightened the noose strangling the Cuban economy, specific instances of interference in the transactions between private companies and Cuban enterprises were reported.

Raul Taladrid, vice minister for foreign investment and economic cooperation, said on 14 August 1991 that coercion was at work on almost all exportable items, from nickel, sugar, and tobacco to tourism.

Washington's anti-Cuba policy played a part in the collapse of the agreement between Spanish tobacco companies and Cubatabaco [Cuban Tobacco Enterprise] (which was reinstated in 1993), as well as in the failure of tourism negotiations with Spanish and Canadian companies.

When building a thermoelectric plant in the western region, the Havana Government opened the project to foreign investors and weighed offers by two companies, one French and the other Canadian.

The Canadian company bowed out of signing an agreement with the island because of hints by the U.S. authorities that it would be barred from acquiring a bank in California if it made a deal with Cuba.

In the end, the French company was awarded the contract to build a 350-megawatt plant at an estimated cost of $200 million.

The U.S. State Department admitted before the vote at the United Nations that last year it periodically sent warnings through U.S. government agencies to countries where investments in Cuba originate.

"Those warnings were not just sent to Caribbean countries, but also mainly to Europe, Canada, and Latin America," a U.S. official told the British daily FINANCIAL TIMES, which carried a report on the topic on 26 November 1993.

"We cannot tell people not to invest in Cuba. We are advising them that when the political and economic situation in Cuba changes the true owners of those properties will want to recover their goods or ask for what may be a significant compensation. Some may want both," the source said.

But international law does not have regulations that prevent investing in nationalized assets, Andrew Zimbalist, economist and professor at Smith College in Northampton, United States, noted.

There are no legal grounds for the threat to sue businessmen who invest in U.S. properties that were nationalized in Cuba, he said.

U.S. and European law firms, which investigated lawsuits at the request of potential investors in Cuba, confirm the economist's opinion.

Robaina Opposes Discussion of Cuba at Miami Summit

PA2810015694 Havana SA LATINA in Spanish 0000 GMT 28 Oct 94

[FBIS Translated Text] Havana, 27 Oct (PL)—Cuban Foreign Minister Roberto Robaina today declared that nearly all Latin American countries agree with Cuba that the Cuban issue should be excluded from discussions at a hemispheric summit if Cuba is not present at the event.

Robaina said Latin American nations agree that those who want to talk about Cuba should do so in the presence of Cuba. The foreign minister made this statement when asked to comment on the possibility that regional nations invited by the United States to a summit in Miami (with the exclusion of Cuba) might assume a joint position at the meeting.

At a news conference, the Cuban foreign minister described the relations between his country and Latin America as new, positive, and superior. Cuba, he stated, has again been inserted in the Latin American political scene.

In statements to PRENSA LATINA, Robaina contended that those nations are more independent today, "although not as much as we would like because their economies are still greatly dependent on the United States, and this situation does not always permit them to do what they want to do."

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He asserted that the opening Cuba has created at Ibero-American summits, its economic and commercial ties with the countries of the region, and the votes cast against the blockade at the United Nations reflect a situation entirely different from the one that existed previously.

Yesterday, the UN General Assembly approved by an overwhelming majority of votes (101 in favor, two against, and 48 abstentions) a resolution condemning the U.S. blockade against the island.

Almost all of the Latin American countries backed the motion; Argentina, El Salvador, and Guatemala abstained.

However, Robaina also noted that Cuba maintains special economic relations with Argentina. Regarding the other two countries, Robaina said there have been attempts at rapprochement saying that "at least we are talking with one another, and that is substantially different from previous years."

Robaina: People's Efforts Important to Foreign Policy

FL2610220794 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Oct 94

[From the "National Radio News"]

[FBIS Translated Excerpt] Cuban Foreign Minister Roberto Robaina and diplomats accredited to Cuba visited Matanzas Province on 25 October. Robaina said that the people's efforts and performance are most important to Cuban foreign policy today. Ambassadors, consuls, and other diplomats accredited to Cuba learned of new citrus production and trade issues in Jaguey Grande. They visited local canning plant number one: In joint venture with an Israeli business, the plant has already processed approximately 34,000 tonnes of grapefruit since 15 August. The diplomats are currently visiting the Heroes de Giron citrus plant, which has a line of natural products that it cans in cooperation with Chile's Tropical Island business. [passage omitted]

Vice Minister Helps Prepare for 1995 Regional Summit

FL2810040294 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Oct 94

[From the "National Radio News"]

[FBIS Translated Text] Latin American, Spanish, and Portuguese officials met in Buenos Aires today to prepare for the Ibero-American summit scheduled to take place in Argentina in 1995. The summit will focus on education. Vice Foreign Minister Jorge Bolanos, who is participating in the meeting, said that Cuba will support the need to link education to social development in the region. Bolanos met Argentine Deputy Foreign Minister (Fernando Petela) and other Foreign Ministry officials on 26 October to discuss the development of bilateral relations, Latin America's current situation, and the forthcoming summit. The officials will discuss on 28 October the agenda for the heads of state, the summit's structure, and the documents to be issued.

Direct Dialing Service to U.S. To Begin 30 Oct

FL2710173494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] Telephone callers in the United States will be able to dial Cuba directly, without operator assistance, beginning on Sunday, 30 October. This was announced on 26 October by the American Telephone and Telegraph telecommunications company.

It was announced in New York that this service is possible thanks to an accord signed with the Cuban state enterprise Emtel, and that other U.S. companies providing long distance telephone service have announced plans to extend their operations to Cuba.

Increased Economic Cooperation With Mexico Planned

PA2810045094 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Oct 94

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Deputy Foreign Minister Isabel Allende has announced that Cuba plans to expand its economic relations with Mexico after the new Mexican administration takes over. She said that in 1994, the two countries signed the most important cooperation agreements in their history.

Allende said that in the past three years, Mexican private businessmen signed agreements to invest $1 billion in mixed enterprises with Cuban entities in the fields of tourism, telecommunications, oil, textiles, and glass.

The Cuban official explained how Mexico has always been a defender of Cuba's right to exist as a free and sovereign country. Fortunately, he noted, Mexico is no longer alone in upholding this policy because the majority of the Latin American countries are opposed to the U.S. blockade against the island.

Repatriation of Haitian Refugees To Commence 'Shortly'

FL2710152894 Havana Radio Progreso Network in Spanish 1200 GMT 27 Oct 94

[From the "First Thing" program]

[FBIS Translated Text] The repatriation of the over 400 Haitians, who are presently at Punta de Maisi and Isla de la Juventud, will commence shortly. This information was given by a consultant [consultor] of the UN's High Commission for Refugees in Havana City. The same

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source reported that the Haitians will be flown to Port-au-Prince by Cubana de Aviacion.

Canadian Travel Agency To Sell Ecological Tours

95P20089A

[Editorial Report] Havana GRANMA in Spanish of 6 October 1994 reports on page 2 that the Canadian Holiday travel company and Cubanacan are planning to sell ecology tours to Canadian tourists, according to Armando Martinez, an assistant tourism manager at Cubanacan. Martinez explained that the tour route will cover the provinces of Santiago de Cuba and Holguin. Major attractions are the Gran Piedra biosphere reserves, Baconao Park, and the Sierra Maestra National Park. Also included is the protected area of Pinares de Mayari, whose ecosystem and indigenous plants are of interest.

Joint Cape Verdian Commission Opens Ninth Session

FL2610215694 Havana Radio Reloj Network in Spanish 2059 GMT 25 Oct 94

[FBIS Translated Text] The Cuban-Cape Verdian Commission has opened its ninth session at the Foreign Ministry building, in Havana. Participants will discuss increasing cooperation between the two nations. The high-level Cape Verdian delegation is led by Joao do Rosario Silva, minister of tourism, industry, and commerce, who is seeking an agreement whereby Cuban tourism specialists would train Cape Verdian workers up to 1996. Foreign Trade Minister Ricardo Cabrisas, head of the Cuban delegation, has said that there could be more cooperation in, among others, the health, culture, and communications sectors. Cuban health specialists are currently working in Cape Verde, while Cape Verdian students are studying on the Isle of Youth.

Minister Comments on Goals of Visit

PA2710183694 Havana PRENSA LATINA in Spanish 1846 GMT 26 Oct 94

[Report by Ruben G. Abelenda]

[FBIS Translated Text] Havana, 26 Oct (PL)—Joao Higino do Rosario, Cape Verde's minister of tourism, industry, and commerce, said today that his visit to Cuba will help strengthen fraternal relations and economic ties that now exist between the two nations.

Do Rosario, who has been in Havana for two days on a business trip, said in an interview with PRENSA LATINA that this is precisely the objective of his trip to the Caribbean island.

The minister heads Cape Verde's delegation to the Ninth Meeting of the Mixed Commission for Economic and Scientific Cooperation between Cuba and Cape Verde, that is meeting in Cuba.

According to the visitor, his country is interested in increasing its cooperation with Havana in education, health care, culture, and tourism.

He pointed out that for a few years there has been cooperation in education and health, while the first steps are now being taken in culture and tourism.

Do Rosario added that dozens of Cape Verdian students are now studying in Cuba. Many other young men have graduated here and are working professionals in the African state, which is made up of small islands in the Atlantic Ocean.

Do Rosario said that more than 30 Cuban specialists are now helping out on health issues in Cape Verde. The government is interested in increasing that number.

Do Rosario emphasized that Cuba has made excellent progress in educating professionals and in medical assistance. It is also starting to garner a good deal of experience in tourism.

In this regard, our country is interested in learning from the Cuban experiences with the so-called smokeless industry. We have come to ask for area specialists to advise us, Do Rosario confirmed.

Do Rosario said that Cape Verde intends that mutual trade should encompass a number of items, including those related to sugar, construction materials, rum, tobacco, and others.

"We Cape Verdeans are well acquainted with the famous Cuban rum. We appreciate it very much and want it to be on our national market, as we do the tobacco," Do Rosario said.

Do Rosario defined the current level of diplomatic relations between the two nations as positive and fraternal.

He added that his current visit is a good opportunity to enhance the historical diplomatic ties established following Cape Verde's independence in 1975.

During his stay in Cuba, Do Rosario has met with Cuban Foreign Trade Minister Ricardo Cabrisas and will meet with Foreign Investment Minister Roberto Melendez, Tourism Minister Osmany Cienfuegos, and Foreign Relations Minister Roberto Robaina.

Granma Province Party Plenum To Open 27 Oct

FL2610204694 Havana Radio Reloj Network in Spanish 1402 GMT 26 Oct 94

[FBIS Translated Text] Jose Ramon Balaguer Cabrera will chair the Cuban Communist Party [PCC] plenum scheduled to open in Granma Province on 27 October. Provincial leaders and officials of the PCC and guests will attend. The agenda includes a briefing by Armando Perez Enredo, an Agriculture Ministry representative, on labor plans aimed at attaining agricultural self-sufficiency. Details on preparations for the upcoming

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sugarcane harvest will be presented by Antonio Martinez Pimentel, a Sugar Industry representative. The plenum will also include a briefing on the work done by the cadres commission.

Moncada '94 Military Exercises Conclude 26 Oct

FL2710174994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The Moncada '94 exercises concluded on 26 October after three days of diverse maneuvers in several provinces. Air, ground and naval forces participated in the exercises.

The objective of the exercise is to eliminate any enemy offensive. This maneuver coincides with the 35th anniversary of the revolutionary militia day. It is by coincidence that this unit belongs to the 339th Regiment of the Territorial Troops Militia [MTT], which has the name as the group of militiamen who were the first to fight the Bay of Pigs mercenary invasion. A similar ambush was one of the maneuvers scheduled as part of the Moncada '94 exercises. The goal of the exercises was to upgrade the actions and expertise of chiefs, general staff personnel, and defense councils in combat command and control functions. The missions made it possible to train personnel in decisionmaking, organization, and tasking, as well as liaison and command in confronting airborne and amphibious assaults.

Reserves and MTT air, ground, and naval forces participated in the exercises. During the exercises, and as part of a visit to the region, Division General Ulises Rosales del Toro visited the Cienfuegos Provincial Defense Council Headquarters where the bulk of the exercises took place. Here he was briefed extensively on the province's defense plans. At the conclusion of the visit, Rosales del Toro, chief of the General Staff, stressed the importance of this exercise.

[Begin Rosales recording] I believe this exercise is extremely important. First of all, due to its scope; the number of large units and units participating, and also the defense councils from provincial to defense zone levels. Second, due to the novelty, the introduction of modern—for us—concepts of combat, keeping in mind the new demands of current military arts. [end recording]

Moncada '94 contributed above all to the training of the command and control levels. The commissions in charge of evaluating the exercise concluded that the goals were met satisfactorily.

Eastern Army Military Council Meets in Bayamo

FL2710160194 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] Division General Ramon Espinosa Martin, head of the Eastern Army, has chaired the Eastern Army's Military Council meeting in Bayamo, in Granma Province. Division General Julio Casas Regueiro, first vice minister of the Revolutionary Armed Forces [FAR]; Jose Ramon Balaguer; and Alfredo Jordan, all of whom are Politburo members, also participated in the meeting.

The meeting's agenda covered the territory's defensive readiness, the food supply situation, reforesting, and sugarcane recovery, among others issues.

A report given by the Eastern Army's Command informed that in a period of nine months the army had complied satisfactorily with defensive preparations and with a reduction in the use of resources, advanced in readiness in the theater of operations, increased the personnel's level of training, and met the goals with regard to [words indistinct] the Territorial Troops Militia. The guidelines set down by the minister of the FAR were also a special concern.

In the Ministry of the Revolutionary Armed Forces's recent review the Eastern Army obtained the grade of good [bien], even though several municipalities have yet to reach the level of second phase of defensive readiness, instructions referring to the maintenance of equipment and arms have yet to be followed, and the year-end maneuvers have yet to take place.

The issue of reforestation efforts turned out to be a highly debated issue. From 1991 to date, over 803 million trees have been planted in the territory and there has been a survival rate of 66 percent. What limits this plan, known as the Manati Plan, is not being able to plant directly due to the lack of containers [embases], poor selection of types of trees and areas, and forest fires, among other factors.

The development of fish farming, as an alternative food supply for the population, was also debated in the meeting. Enrique Oltuski, vice minister of the Fishing Industry Ministry, pointed out that national fish farming had grown compared to last year. However, we are still short of the 1994 by over 2,000 tonnes. Camaguey, Granma, and Santiago de Cuba are the provinces with the lowest production results. The Eastern Army has reached and surpassed its goal—it is currently at 101 percent—in this activity.

Finance and Prices Minister Jose Luis Rodriguez participated with some interesting information related to the economy. He stated that this year's budget deficit is going according to what had been planned. Subsidies for losses in the sugar industry sector are expected to be reduced by 41 percent, and by 40 percent in agriculture.

To date, the amount collected in taxes is 52 million pesos and 1.604 billion pesos have been collected from the sale of cigarettes.

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Agriculture Minister Alfredo Jordan pointed out that the ministry's best cadres should be in the Basic Cooperative Production Units, because that is where true results are needed. Jordan added that an increase in the production of exportable items such as honey, tobacco, citrus, and coffee—especially in the eastern area—was needed and that all the land had to be used.

The presidents of the defense councils of the six provinces that are within the area of the Eastern Army took part in the meeting.

They reported on aspects related to the sugarcane harvest and on agricultural programs. All of them agreed that enormoous efforts were being made in sugarcane recovery. However, recovery will not be possible in a short period of time because the plants and seed banks have greatly deteriorated.

There have been no great accomplishments with reference to the production of tubers and vegetables, but an increase in production is expected in the forthcoming months.

Espinosa, head of the Eastern Army, stated that this command would continue to comply with the defensive readiness training, but at the same time would cooperate in all other fronts that are vital for Cuba.

It was agreed during the meeting that the next military council meeting in this territory would be held in Las Tunas.

Sugar Minister Calls for 'Brief,' 'Organized' Harvest

FL2710152494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] We have to organize well the tasks that will guarantee the next sugarcane harvest, that is the reason for the analysis of the performance of sugarcane Basic Cooperative Production Units [UBPC]. The performance of Ciego de Avila's UBPC was analyzed during a meeting between Sugar Industry Minister Nelson Torres and UPBC managers. Torres acknowledged that the UBPC's are making progress, although too slowly, and that the results they have achieved do not meet national needs. He also called for rescuing work discipline for which it is essential to work a full eight hours per shift. During the meeting it was noticed that there are UBPC's with excess personnel on secondary tasks, which hampers the unit's efficiency. The discussion also included the need to reduce to a minimum the number of meetings, and to deal in a more direct manner with the workers, to become aware of their problems and to seek ways to solve them. After discussing the strategy for the 1994-95 sugarcane harvest, as well as the UBPC's incentives program, Torres stressed the importance of conducting a brief and organized harvest in order to advance the sugarcane recovery process and to improve that of next year.

Reporters Discuss Opening of Light Industry Markets

FL2710145294 Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 94

[Discussion on light industry markets with host Roberto Cavada and reporters Diosdado Maso and Carlos Sanabria; from the "Doing Radio" program—monitored in progress]

[FBIS Translated Text] [Cavada]....the industry fell into bureaucracy, and so it was producing things that the people did not use, or did not like.

[Maso] Exactly, and the workers [words indistinct] were smarter because they went directly to the necessities, preferences, and more appealing designs and that was what the local industries did little of and were producing large quantities of paper flowers, for example, that nobody was buying, or cloth dolls that nobody was buying. The certain thing is that this industrial products market and its highly positive experience at the Ciego de Avila Fair... [changes thought] I can say that you should see the video, they were selling plastic brooms, plastic buckets, all kinds of wooden products, an infinite number of plumbing fixtures, hardware goods, an infinite number of products that you know that we have in the warehouses collecting dust; and that will never be used by the industry that bought them 10 and 15 years ago, and that are good for repairing windows—venetian blinds were being sold.

There is a very interesting example of a lady who wanted to buy venetian blinds. They were available there for 100 pesos, because, as you know, this market is run by supply and demand. So the lady wanted to put venetian blinds in the window. It seems that the vendor, because he was selling a lot of blinds at 100 pesos, raised the price to 150 when the lady came to his booth. So, the lady got upset and asked: How can that be? You were just selling them for 100. He replied: Yes, but now they are worth 150. She said: You have ruined my day! The vendor raised his hands and said: That may be so, but business is business.

I want to note that now, we are going to use these store that until recently did not have anything to sell. Here, in contrast to the farmers markets in the plazas, these have many outlets; all the industrial products stores in the cities and towns currently vacant, will be used to open this market.

[Cavada] Will they also sell things like clothing and such?

[Maso] Everything! For example, the artisan who makes cloth can go and sell his cloth there. Absolutely everything will be sold there.

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[Cavada] This doesn't mean that ration book industrial item quotas will be eliminated, does it?

[Maso] No, never, never. These markets will never be for....

[Cavada, interrupting] Well, the small number of items available! The truth is that it has been three years since underwear was last sold. But at least you have a ration book allotment, and you hoped to get some more in the next five year cycle. Not everyone will be able to buy them.

[Maso] Well, Cavada, you know that one of the....[changes thought] Yesterday we were having a meeting on the effect of the blockade at the Union of Cuban Journalists building. If there is an industry that has been really hit hard, it would be light industry. Why? Because it requires many materials that we do not have, including textiles. Underwear, for example, is made from knitted fabric, and the knitting industry has been paralyzed because we stopped getting cotton from the Soviet Union; aside from any other problems we may have. Things like panties, socks, and briefs were produced by the now defunct knitting industry and therefore we don't have even those things, or handkerchiefs. But they are still included in the ration books.

[Cavada] Excuse me, Sanabria is on the telephone.

[Sanabria] I have a concern; it seems to me that in this new type of industrial products market, the local industries must truly establish themselves. Because if they do not, self-employed producers will surpass them in variety and quality. It reminds me a little of what happens with the collection of agricultural products. Thus, I wanted to point it out because I know of certain warehouses full of poor quality surplus items produced by local industries. I really think that there are individual workers who are producing a variety of high quality products, not like many local industry products that fail to hit the mark.

[Maso] Sanabria, I think the problem of warehoused low-quality products, since it is a supply and demand market, these products will have to be placed on the market at very low prices. I don't think we should give them away, but they should be offered at a reasonable price. Some people will buy anything; you know that business is like that. Anything can be sold to the right person.

[Sanabria] Yes, the market is like that, but when supply increases and quality improves, due to competition....

[Maso, interrupting] Carlos, I am not talking about what they are going to do from now on, but about the goods you say are in warehouses. Whether we're talking about paper flowers, or rag dolls, or any of the things they have made that are now in warehouses, I'm saying they have to be placed on this market at very low prices so they will sell, or they will have to take them apart and redo them. Right?

[Sanabria] Thank you, Maso.

Legal Professionals Cite Problems Hindering Performance

FL2610214994 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Oct 94

[From the "National Radio News"]

[FBIS Translated Text] Prosecutors, judges, lawyers, and legal advisers have met Esteban Lazo, Cuban Communist Party first secretary in Havana City Province, and several political and government officials on problems hindering job performance. The shortage of lay judges was mentioned as one of the main reasons for suspending trials, which makes it harder to fight crime. They also discussed the need for specialized and auxiliary personnel, primarily court typists and stenographers, and the repeated lack of cooperation between the different institutions. The legal professionals expressed concern over the number of overdue cases and people held in temporary detention, as well as the number of trials delayed due to postponements—approximately 40 percent—which only helps the criminals. They also discussed the sector's material shortages. Havana City Government President Conrado Martinez said that efforts are underway to eliminate some of these shortages as soon as possible. Justice Minister Carlos Amat has announced that the country approved a dollar budget for the purchase of needed office supplies and called for efficient and rational use of these supplies.

First for 'Straight Talk' Program: Beauty Contests

FL2710010594

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 26 October carries a 15-minute edition of its regularly scheduled "Straight Talk" program, with host Carlos Santana Ojeda and reporter Fernando Davalos.

Davalos opens by noting that today's topic of discussion has never been broached on the program: The selection of Miss Havana City, as part of celebrations marking Havana City's 475th anniversary. Davalos insists that this is not just another beauty contest: "This is a salute to Cuban women. We abandoned this wonderful tradition, so, talking straight, I see this as a rescue attempt." Davalos recognizes that some favor and some oppose beauty contests. He then reveals that he was invited to judge one contest. Davalos repeats that the selection process is not receiving enough attention: "There is no reason to undertake this process so quietly." He says that the contest he judged was held in his neighborhood and that it was organized by the people's council. Davalos points out that selection was very difficult: "We had a very difficult time selecting a winner. The youngest was, I believe, 16 years old. The oldest was 25 or 26 years old. They were all very beautiful. Most of them worked: Some were in the military, some were doctors, some were

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medical students, and some were languages students. I kept the list. I have it right here." Davalos continues to list some of the candidates' occupations. He announces that winner (Elizabeth Lozano) is a fitness instructor.

Santana and Davalos then list the contestants' qualifications: beauty, personality, charm, morals, and merits. Davalos points out that everything is considered in the selection process: "Beauty and physical harmony are considered. No one would ever select an antisocial girl. A girl that would do wrong? No way. This is a prize.-..[pauses] Not a prize but recognition of that beautiful women, a woman who works and struggles, just like we all do. She lives and struggles in our society, which is going through rough times. It means recognition. We honor these girls. We honor Cuban housewives through this process, women who struggle with problems every day, such as sometimes having nothing to cook. I refer not only to young women: I refer to all women, mature, even grandmothers."

Santana and Davalos discuss how Cuban women are seen in other parts of the world. Santana suggests that Cuban women are thought of as prostitutes in many parts of the world. Davalos responds: "Anyone who generalizes like that is mad."

Santana and Davalos continue the discussion, broaching the fact that in beauty contests worldwide the participants are judged not only on their beauty but also on their personalities. Davalos gives details of the beauty contest he judged.

At 1715 GMT, Santana concludes the discussion by suggesting that this edition of "Straight Talk" could prove the first of several on lost Cuban traditions and by thanking Davalos for participating in the program.

Bahamas

Minister Sees 'Positive Effect' of Haitian Developments

FL2810015494 Nassau Bahamas Radio Network in English 2230 GMT 27 Oct 94

[FBIS Transcribed Text] The Nassau chapter of (Links), Inc., had its fifth annual United Nations luncheon, with address by the deputy prime minister, attorney general, and minister of foreign affairs, the Honorable Orville Turnquest, who made a formal plea to the organization to assist the government in the war on crime. Gena Rogers reports that Minister Turnquest also confirmed the prime minister's statement that President Aristide's return to Haiti will help alleviate the illegal immigrant problem in the Bahamas:

[Begin recording] [Rogers] While continuing to celebrate the 49th anniversary of the United Nations, the deputy prime minister journeyed through the pages of history of the United Nations from 1945 to the present day. The Honorable Orville Turnquest concluded that the 1991 Governors Island accord, which helped to restore President Jean-Bertrand Aristide back to power in Haiti, was perhaps the most important activity of the United Nations in recent times. He said the easing of political and military pressure in Haiti is having a positive effect in the Bahamas.

[Turnquest, in progress]...decided today that on Saturday of this week, the Bahamas Government will be repatriating to Haiti 359 [figure as heard] (?aliens).

[Rogers] The deputy prime minister then moved on to the problem of violent crime in the Bahamas.

[Turnquest, in progress]...for this country has still not heard from too many groups which should have a vested interest in peace and safety. And we should appreciate that the exercise and the demonstration of a social conscience in these fatal matters is a vital prerequisite to this citizenship.

[Rogers] Mr. Turnquest said that groups such as (Links), Inc., need to do more than protest [word indistinct] because more than ever before, the Bahamas needs the therapy of togetherness in the fight for the return of social order. [end recording]

[Nassau radio reports in its headlines at the top of the same newscast that the Bahamas will repatriate 349 Haitian nationals on 29 October]

Barbados

Prime Minister Denies Plans To Adopt IMF Program

FL2710220094 Castries HTS Caribvision Television in English 1945 GMT 27 Oct 94

[From the "Caribbean Evening News" program]

[FBIS Transcribed Text] The government of Barbados says it will be negotiating a new income and prices protocol. The first agreement, signed last August, involved the private sector, trade unions, and the government. It resulted from the government's economic restructuring efforts and was designed to keep all incomes and prices in proper parity. The news of the new protocol came from Prime Minister Owen Arthur, in the first public address to the Chamber of Commerce. Vere Walcott reports:

[Begin recording] [Walcott] Prime Minister Arthur told those attending the luncheon today that new negotiations for a prices and incomes policy will start this Friday.

[Arthur] It is also absolutely vital that we create an appropriate industrial relations environment that is conducive to national economic change, promotes increased national productivity, and ensures fair and reasonable rates of returns to both labor and to capital. In this respect, I have already invited the leaders of the private sector and the trade unions to engage in a series of

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consultations under my chairmanship to devise a successor to the existing incomes and prices protocol.

[Walcott] Mr. Arthur promised to continue his support for the business sector, citing the recent concessions to manufacturing and agriculture and measures to upgrade the corporate affairs department.

The prime minister also moved to clear up speculation and controversy on government's intentions towards the IMF: Mr. Arthur said Barbados doesn't have, nor proposes to enter any financial program with the IMF. He says normal consultations will be held later this year, but the situation will be different in respect of the Inter-American Development Bank.

[Arthur] Over the course of the next few years, however, Barbados can stand to benefit from having access to $240 million in project funding and $30 million in investment sector loans from the Inter-American Development Bank. Access to some of these funds, particularly those earmarked for the productive sectors, has been conditioned on there being in place macroeconomic policies which can command the support of the Bank.

[Walcott] Mr. Arthur spoke of a new order of developing business in Barbados aimed at making the country the leading export service economy in the region, all in a package that includes small business. It was described as the largest turnout to a Chamber of Commerce luncheon in recent times, and, in summary, Mr. Arthur's presentation indicated that this government will do all it can to reduce unemployment and stimulate the growth of business in Barbados. [end recording]

Haiti

Prime Minister-Designate Views General Policy

FL2710171094 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Oct 94

[FBIS Translated Text] [Announcer] The prime minister of the next Haitian government says he is ready to get down to work once the parliament ratifies his general policy. The truth is there. The prime minister was the guest on last night's "Synthesis" program. He outlined his general policy. To the question: What do you think about your appointment as new Haitian prime minister, Mr. Michel responded as follows:

[Begin recording, in Creole] [Michel] It was rumored for some days and I had already told the president that I would accept if he chose me. So, I had no problems on that score. But he was obliged to hold many consultations because he had many names in front of him. All of them were acceptable, and all of them could do a good job. So, he was obliged to hold consultations here and there to see what name he should choose. He told me only two days ago that he had chosen my name. I told him I had agreed since the first time he told me. So, I am not in any state of mind [aucun etat d'ame]. Now, the surprise was when he asked me if I would accept in the event that the choice fell to me. There is no more surprise. I managed that. Now, we are going to work if the parliament ratifies me and if it gives me a vote of confidence.

[Reporter Jacques Maurice] Mr. Smarck Michel, what are the outlines of this general policy? I am not asking you for its entirety, but (?would like to) know whether there will be something favorable for the people in the general policy you will present.

[Michel] It would not be an acceptable general policy if the people did not get anything. I am going to outline it; I am going to give the main theme. It is economic development. It is economic development because that covers all the other things that we are looking for. If we do not become reconciled, we will not be able to become a developed country. If we do not have democracy, we will not be able to become a developed country. If we do not tolerate one another, we will not be able to become a developed country. Nothing can ever be made in conflict. The leading idea of the government is economic development and—to reach that—everybody must participate and—if we want everybody to participate—we must not shoot at one another.

[Maurice] Mr. Prime Minister, we would like to ask you also how you can avoid the mistakes (?you made in) 1991? You remember in 1991....[pauses] How can you work to avoid those mistakes?

[Michel] If you are alluding to when I was commerce minister, I can tell you that at that time the country was experiencing a crucial problem. It was a problem of the high cost of living. A significant portion of opinion believed the commerce minister should have taken drastic measures. But I already knew from my training and experience that drastic solutions would not yield results. When that gave rise to a general outcry, causing demonstrations to be staged, it was an awkward position for both President Aristide and the government. Being a businessman then, the people suspected that it was because I was a businessman that I did not want to adopt drastic solutions. So, to get the government out of the awkward position, I left the government discreetly for someone else who could manage the problem another way. [end recording]

Deputies View Michel Designation

FL2710190294 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Oct 94

[FBIS Translated Excerpt] The battle looks difficult because opinions are widespread in the Chamber of Deputies, where President Aristide enjoys only weak support. Not do all parliamentary blocs have the same opinions about this ratification. Mobilization for National Development [MDN] Deputy Deus Jean-Francois wishes the prime minister to be a unifier who can realize the national reconciliation wished by President Aristide. [passage omitted]

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Deputy Edmond Mirold of the Social Democratic parliamentary bloc is not against the designation of Mr. Smarck Michel in the postion of prime minister. However, it is the people's verdict that must triumph. [passage omitted]

[Begin recording, in Creole] [Unidentified journalist] Can the president count on your vote on the occasion of the presentation of the prime minister's general policy?

[Mirold] Each parliamentarian will meet and will vote according to the reaction of the people in the street, because the people know everybody. [end recording]

A clear and sincere voice is that of Deputy Felix Mathieu who wants to behave as a good son. He says he is ready to vote despite his reservations. [passage omitted]

Deputy Evans Picault's party has not yet said its piece. However, the parliamentarian who was elected under the banner of the National Front for Change and Democracy trusts his president despite the situation that caused the resignation of Mr. Michel from the Ministry of Commerce in 1991. [passage omitted]

Jamaica

Prime Minister Patterson's Address to Nation

FL2610012294 Kingston RJR and JBC Networks in English 2113 GMT 25 Oct 94

[Address to the nation by Prime Minister P.J. Patterson from the Parliament in Kingston—live]

[FBIS Transcribed Text] It is vitally important to the country and to the future of our people that we have an effective and modern public sector which is capable of responding speedily and efficiently to the increasing, complex demands and expectations of the Jamaican people. This means, in turn, we must have modern equipment and procedures and a qualified, devoted, and properly rewarded labor force within the public sector if we are to realize our goal. This administration has always been particularly sensitive to the fact that an adequate reward for labor is a vital factor in any effort to modernize our economy to become efficient in the face of the realities of the increasingly competitive world economic environment.

In the transition to a market-determined economy, wage guidelines on the previous IMF agreement were finally removed in 1991. In doing so, as the then minister of finance, I stated that, in respect of the private sector, I quote, the wage bill should take into account the growth in productivity rates and our ability to compete with others who are in the marketplace, end of quote. (?Chancellor) records me as saying, quote, in respect of the public sector, different criteria apply. But the criteria which is going to be applied is the ability to pay. That ability, however, is limited because it can only come from revenue and by taxation, and it can only come out of a vote which this Parliament approves. So, we have to realize the special nature of the government, which has to engage in services which are not profitmaking but are there to provide essential services of public welfare and human development, end of quote.

As a consequence of these decisions, the following framework for the (?status) of public sector negotiations, for the public enterprises and other parastatals not funded directly from the budget, the ability to pay was defined with regard to 30 specified factors contained in Ministry Paper 47 of 1992 [sentence as heard].

For the central government and parastatal agencies on the budget, the availability of those budgetary resources can only be determined by this Parliament, taking into account taxable capacity and the demand of government's inescapable commitment.

All wages to the public sector are met from the national budget. In addition, services of major national importance—such as health, education, and security, our road construction, maintenance, and debt servicing—are also funded from this same source.

Let us (?simply) examine the breakdown of this budget:

The first charge, by law, under the current budget, is the servicing of our debt. Almost half of the current budget goes to paying debt service charges. Jamaica, under successive governments, has always honored its debt obligations in full. We cannot and do not intend now to renege on any of our obligations or to start hiding from our creditors.

There are many demands on the remaining amount: 41 percent of the current budget, (?net) of debt servicing, is devoted to the payment of public sector wages. Given the present size of the public sector wage base and our other financial commitments, we cannot afford increases in this financial year of the same magnitude granted to the public service over the last two years.

Mr. Speaker, those increases were, indeed, significant but consciously (?thought). Our efforts to improve public sector management have covered a wide range of activities, aimed at streamlining and modernizing the state machinery, its systems, and procedures and at improving the efficiency and effectiveness with which public officers implement the program of the government and deliver varying services to the public. The government can point to the fact that they've done a great deal to address the wage problem over the past two years. It has done so in the context of a program of initiatives that are designed to improve the quality of management in the public sector.

At the broadest level, the government has fought to streamline the state machinery by reducing its size somewhat and the context (?which we have) [words indistinct]. A comprehensive program for the divestment of state-run enterprises and services is being actively implemented. As prime minister, I (?seek only a continuing review, with respective grouping of portfolio)

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responsibilities, for the better coordination of government activities and the (?successful) delivery of service. The introduction of profit planning and programs budgeting methodologies for the sector [words indistinct]. Managers now have clearer organizational authority, more specific outcomes, and (?charges) for achievement. They can match better the use of resources to the achievement of those (?charges). The computerization of the human resource and financial management information system is (?undertaking) our managers to have more timely, accurate, and relevant management information (?to make a donation). At [words indistinct] such a period, no (?monitors) with timely implementation but government made the policies and programs to run.

Very (?sensitive) effort has been put into making public officials more accountable to their managers, to Parliament, and to the public at large for the discharge of their duties. Right now, Mr. Speaker, this house is debating a motion from the public (?accountancy) to give greater respect to parliamentary supervision of the performance of our public officers. Managers have been delegated with the authority over their financial, human, and other resources. At the same time, the framework for accountability and financial management and resource use is being (?censored). Government's (?contractual) procedures are being revised and made more transparent. With one exception—the standing Finance Committee—the proceedings of other parliamentary committees have been open to the media and the public at large, and the [word indistinct] general of the party has been [word indistinct].

There still remains much room for improvement. But significant progress has been made, including serving the customers in the eight agencies that are targeted for special attention. In some (?collectives), especially in the corporate area, waiting time for (?contract) service and the (?revision) of documents has been dramatically reduced. The quality of service to customers to these and the other agencies have seen marked improvement, but we still have some way to go. The longer term problems of more adequate accommodation and (?improved) technology are being vigorously pursued. The Registrar General's Department and the (?Barrister's) Office are being provided with the use of [words indistinct] buildings and are both having their records and operations fully computerized. The Customs Department procedures and systems are being streamlined, and our one [words indistinct] port facility is now [word indistinct]. Despite declining (?a general system) for training and development, the government has continued to allocate considerable resources to upgrading of its (?chief) and subsequent [words indistinct] through politics, fellowship, and other training schemes and through improvement of its in-service training programs and institutions. The number of training (?awards), by broad categories, offered between April 1992 to March 1994, was 248, and from April 1994 to date that number is 92. These list of people are just a small example of what has been done so far.

Within the public sector, this administration has fought systematically to improve the (?state) and conditions of public sector workers. As part of our administrative reform program, the government has continued not only a significant program and reclassification but has also offered significant increases in salaries so that the gap between the public and the private sectors can be reduced with respect to pay and other conditions of service.

With respect to compensatory benefits, during 1991 to '92, the government awarded substantial increases in salaries and state benefits, ranging from a low of 21.5 percent to a high of 60 percent. Since then, a number of initiatives have been taken by government to improve the remunerations package of its workers. In the special salaries and allowances for the 1992-94 contract ceiling, the wage bill was increased from $3.9 billion to $8.6 billion. This allowed some regular wage cycle, negotiated in [words indistinct] from special market adjustments and the restructuring and reclassification of the [words indistinct].

In addition to the increases in salaries and fringe benefits, government offered the unions and staff associations a bond, issued to the value of six to nine months' salary increase at 30 to 35 percent. These bonds will mature in 1999. Until then, the bonds will yield interest rates at two percentage points above the average treasury (?daily), with a guaranteed minimum interest rate of 22 percent. Currently, the yield rate on those bonds is 40 percent.

The difficulties that have occurred in a few areas, with regard to the disbursement of the bonds, have not been due to the failure of the government to provide the necessary financial resources. But there are (?eight) methods of compiling (?forged mailings) in a number of departments which we have now ordered to be changed. Government initiative, as a good employer, having to do certain additional benefits for its employees. [sentence as heard]

It has allocated a sum of $40 million in this year's budget to (?supplicate) the provision of some land for public housing of government officers, of buses, of canteen facilities, and day care centers.

We have agreed to provide an adequate (?acreage charge) or 20 acres of land in (?each parish). Identification of such land has been completed, and we must set out in a [words indistinct] next week. The technical work related to the project has commenced. On [word indistinct], the government [words indistinct] the National Housing Trust, National Housing Corporation, and Caribbean Housing Finance Corporation, as well as a member of building societies and other financial institutions, will assist in developing financial arrangements to provide houses for public servants at low economical cost to our workers. A survey has been commissioned to identify government workers who will be eligible to qualify for

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government land on which these houses will be constructed and determine the precise [words indistinct] that the beneficiaries will be able to afford.

The government has agreed to provide some budget for assisting with transporting (?their) employees. These buses are to be designed with a capacity to accommodate 44 seated passengers. The government has invited (?vendors) to supply these six buses, with the intent to purchase before the end of the current financial year. It is further planned to utilize a (?coproduction) of the government (?peoples) to augment the six buses being provided by government. Work has been undertaken to identify the route that may need to be established to ensure the most efficient and cost-effective service. An appropriate management structure will be put in place to operate the service.

There is an effort to improve the office environment by the provision of canteen and day care facilities in a number of ministries and departments. With regard to canteens, the government has taken the decision to establish more canteen facilities through which its employees can be provided with subsidized medicine. A survey is currently being undertaken to identify those government agencies with available facilities for the establishment of such canteens in which workers from a group of agencies will be able to purchase subsidized medicine. With regard to day care facilities and provision of all [words indistinct], day care centers where employees from groups of agencies can leave their children while at work and where the children will stay after school until they can be collected by their parents. A survey regarding the likely users of this facility is now in progress.

The government is providing improved benefits on the (?group of) [word indistinct] for members of all groups in the public service with effect from August 1994. This increase in benefits comes with no increase in (?freedom) to the majority of the (?users). The providers of those benefits have also been approached regarding the provision of special health care benefits for our pensioners. In addition, the government has implemented an employee injury benefit scheme. The Pensions Act, the (?Pensions Parochial Officers) Act, the Pension (?Seekers) Act, and the Constabulary Force Act have been amended to provide inherent [word indistinct] to all public sector employees. It should also be noted that the (?Constable Special) Act is being amended to bring the relevance of the (?terms) in line with those of the Constabulary Force Act. Further to the improvements of both, the government has sought to get as close as possible to reimbursing the cost of (?traveling) and expects to achieve this by the 1955-56 financial year...[pauses] 1995, to achieve this by the 1995-96 financial year. In this regard, the government granted a (?reprieve) of 140 percent on (?stabling) allowances for the financial year '91-'92, a 33-to-42.5-percent increase in '92-'93, and a further 99-percent increase in the '94-'95 (?year).

All these, Mr. Speaker, are not some nebulous offerings: These are tangible benefits being implemented for the very first time, as a significant (?start) for the current budget and for the national taxpayer.

Mr. Speaker, in our determination to improve the conditions of employment in the public sector...[pauses] We must recognize, however, that the resources available to government and the settlement of public sector demands are limited. The government, like any other responsible employer, has to be guided by the principle of duty to [word indistinct]. It's what's in store that [words indistinct] of the country and, specifically, that we are a nation (?investing) contribution in the fight to contain inflation, which today constitutes the major threat to the purchasing power of all Jamaicans, whether they are within or outside the public sector. No country has been able to reduce inflation by a policy of investing great [word indistinct] to the rate of inflation. It's only a dog in a vicious circle and ends up like a dog chasing its own tail. Efforts to implement [words indistinct] in any economy have always served to (?bring) creeping inflation into a wide [word indistinct]. Moreover, while inflation would grow in an increase of government expenditure, no corresponding increase could [word indistinct] in the area of public revenue. In order to deal with negotiations in a constructive and rational fashion, the (?current) salary review board was established in 1992. It is expected to be the independent [words indistinct] public commodities. In the private domain, the corporate balance sheet represents the [words indistinct]; for the public sector, (?it is not necessary) to be constrained by the national budget. To suggests otherwise would result in [words indistinct] the supremacy of Paraliament.

Government is (?out there to claim from) the various groups in the public sector, from 1994 to 1995, [word indistinct] range of [word indistinct] between 80 percent and 200 percent. Let me try to put some of the current wage scale quickly in perspective.

For the 1992-94 contract years, the wage (?scale) arriving from the regular negotiated [word indistinct] and other efforts to include conditions of workers, increased from $3.9 billion to $8 billion. [Word indistinct] shares of government for the current period of wage negotiations, '93-'95, would double this wage scale to $16 billion.

In considering this [word indistinct], let us not forget some of the other things we have to finance with this budget. The farmers need better roads for their produce; school facilities need to be improved; health facilities have to be expanded; our physical instruction [corrects himself] infrastructure—our poor housing, our ports, our water system, our airport—need to be improved. The security forces need more (?beepers); they are getting them. We are providing a modern communications system to fight crime. More housing solutions need to be provided. Our poor, especially, need more support for health care. [applause] A number of our children require

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nutritional support of a special kind, and we cannot turn our backs on our (?sentiments). And I dare to say, Mr. Speaker, every member of this house could add to this catalogue of things that we need to do.

The government has no secret fund stashed away. Neither [word indistinct] the leader of the opposition, nor the minister of finance, nor during the incumbency of this minister of finance is there money in some hidden vault in the Bank of Jamaica. And we certainly have no intention of (?doubling) the printing press. [applause] And so, Mr. Speaker, we have to realize that we cannot reach a situation nationally where we have to sacrifice all our development possibilities simply to pay the wages of those who are in public employ. If we were to do this, we would soon reach the point where we would simply be paying wages while those employed would have no development projects to implement or not even the basic tools and materials with which to do the work for which they are employed.

The [words indistinct] have been hearing commissions on the various (?scales). I have now submitted this recommendation to the cabinet of those groups represented by the Jamaica Teachers Association. The (?board) have made it clear that, for this period, teachers are being treated as a priority group. [applause] If we [word indistinct] the recommendation made in 1992-94 remonstrated as follows: Quote, It is the unanimous view of the board that unless the current breakdown in the educational system is urgently and [word indistinct] addressed, and teachers' salaries placed in some more favorable relationship to other groups, the fragile underpinnings of our society are in imminent danger of falling apart. None of the other sectors of the society will advance without the educational [word indistinct] being in (?play). [no end quote as heard] To this, Mr. Speaker, this [word indistinct] side of the house says a loud amen. [applause] It points out that even though [words indistinct] for the labor of the teachers recommended [words indistinct] is self-evident, what has been recommended only begins to address the problem. The critical need for improving the salaries of teachers [words indistinct] must be addressed on a consistent basis at the end of each contract period until their current situation has been fully redressed.

The board, Mr. Speaker, now advise that it is recommending for 1994-95 a 16- percent increase for the teachers, and for '95-'96, 14 percent for the teaching groups represented by the Jamaica Teachers Association. These recommendations are based on the following considerations:

1. That the recommendation for '93-'94 reflected the start of a process that had to be continued. In fact, (?it said), the subsequent award for teachers and other groups in the public service have once again placed the teachers in a disadvantageous position.

2. The present recommendations in totality would only begin to address the disequilibrium created by the 1992-94 award of government to various other groups.

The [word indistinct] have (?indicated) that the award for the teaching groups was considered on its own merits. Since this group has been afforded the top priority, it stated explicitly that its award of 16 for the first yaer and 14 for the second year should not be considered as setting a precedent for other groups. It represents the pinnacle. The government in accepting the [words indistinct] recommendation also accept that no other groupd can be afforded any greater priority at this time.

An oustanding matter with regard to the teachers is the (?undertaking) government has given to complete a restructuring and (?stratification) of the teaching groups with the '93-'94 financial year. This exercise was not completed although much of the preparatory work has now been done. The (?peer) [word indistinct] has asked that the exercise be completed expeditiously, and have all [words indistinct] ahead the implementation and restructuring exercise. The government have given instructions that this exercise must command priority of attention.

I must emphasize, Mr. Speaker, at this point that the role of the [word indistinct] is to give independent advice to the government on matters of improvement in the remuneration paid to public servants. This they have done despite (?circumstances), while very clearly recognizing the just needs of government employees as they have perceived them. So long as they (?paid) [words indistinct] to the [words indistinct] within which the Parliament obliges the government to operate, the recommendations of the [words indistinct] will be treated with [word indistinct] and utmost respect.

There's one outstanding matter held over from the '92-'94 period. The groups represented by the [words indistinct] Association, comprising the middle and senior level administrative secretaries and some professional categories, including permanent secretaries, were granted a settlement covering the period April 1992 to August 1993. The government, Mr. Speaker, has already this year given an increase for ancillary staff and persons below a certain income level. In respect of those at middle and senior level, the government has now agreed to the payment of a 15 percent increase to the groups involved, with effect from September 1992 to run to the end of the contract period, that is March 31, 1994. We will await the recommendations of the [words indistinct] in respect of the '94-'96 period.

It will be realized, Mr. Speaker, that a rising [word indistinct] a consequential increase to parliamentarians is also due. I hope this will not be the subject of any [word indistinct] and will support [word indistinct]. I want to say here and now that my colleague members and fellow parliamentarians, on this side certainly and I dare say we are joined by those on the other side, have decided not collect the retroactive payment for this period, but rather, as has been done in the past, to pay this into an educational fund, so that the benefit will be for the children in our constituencies and not for ourselves. [applause]

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With regard to the police, it will be noted that the Police Federation, strictly speaking, is not legally entitled to negotiate salary and conditions of service. This responsibility, in accordance with the Constabulary Force Act, rests with the commissioner of police. However, over the years governments on both sides have had direct talks with the police group. This we remain prepared to continue. During the last round of negotiations, the Police Federation [word indistinct] extensive arbitration and they were awarded significant levels of increases on the order of 80 to 100 percent in '92-'93, and 45 percent in '93-'94.

The country has been made aware of the imaginative proposals put forward by the government during these negotiations for an investment fund. [Word indistinct] 12-and-1/2-percent increase for the first year, and an increase of 10 percent in '95-'96, which would have been done without the incidence of (?caps) in so far as the benefits accrued from an investment fund. Unfortunately, Mr. Speaker, this has been rejected by the Police Federation.

Any other proposal, any further negotiation with the police can only proceed on the clear basis that no other sector is going to be allowed to surpass the teachers this time around. [applause]

Mr. Speaker, it will be difficult to fund increases at the levels which have been indicated by the [words indistinct], but we feel in all the circumstances that we are going to [word indistinct] to respect the recommendation of the (?PSRB) [expansion not given]. It is appreciated that their recommendations exceed the wage [word indistinct] of nine percent originally proposed by the government and subsequently hiked 12 and ½ percent. An award of 16 percent for the first year and 14 percent for the second year are higher than the government had anticipated, but we are prepared to abide by the recommendation of the (?PSRB) in order to effect an early and satisfactory resolution with the teaching fraternity.

Mr. Speaker, if the level of increases now being demanded public sector wages were to be met, then all the budgetary resources and more would have to be used to pay wages. This would mean that [word indistinct] such as education, health, security, road (?mending), maintenance, and capital projects would be completely depleted. In fact public sector employees would stand idle as they would virtually have no [word indistinct] supplies and fewer goods with which to work. I want to make it clear, Mr. Speaker, that consistent with a national broadcast given by the minister of finance just two months ago these levels of wage increases are going to have to be accommodated by significant changes in the budget. And the minister of finance will be indicating [words indistinct] shortly when the proposals are finally approved by cabinet how this money will be found.

Mr. Speaker, since the subject of inflation has so dominated public discussion and is influencing the negotiations, I thought you would pardon if I spend some time dealing with this very important subject.

The negative effect of sustained high levels of inflation are multifaceted, and this is an economic front that makes future planning extremely difficult. And having been established as an integral part of the environment, inflationary expectations tend to coexist long after the economic factors which cause them have been addressed. On the social front, the impact has been greatest on those who are most defenseless. Those who are most hurt are the unemployed, the fixed-income workers, and those living on pensions. For the lack of [words indistinct] situation whereby those people who have been called professionals during their active working days can see the value of their life savings systematically eroding. It is therefore in everybody's interest to attack this problem because it is something from which nobody benefits.

One of the ironies is that the common reaction, especially from representatives of labor, is to seek to compensate their selves for the ravages of inflation by asking for additional remuneration. However, regardless of how [words indistinct] the arguments are, such remuneration in terms of attempting to maintain the standard of living of the workers offers at best an illusionary solution. We have to address the fundamentals, because unless we do so, these additional resources will soon lose value and will themselves contribute further to the inflationary spiral.

Let me, Mr. Speaker, examine with you inflation in two parts: that which is imported and that which owes its impulse largely to domestic actions. As regards imported inflation, given the stability of prices, which has characterized our major trading partners in recent years, and given the stability of our own exchange rate over the last nine months, external inflation is no longer a factor of any significance in terms of our own difficulties at present. We need, therefore, to concentrate on inflation which is derived from domestic conditions. For clarity it is useful to segment the factors which cause domestic inflation into two: one is termed demand-pull inflation, and [word indistinct] cost-push inflation. To a large extent demand-pull inflation [words indistinct] translated means that there is more money in circulation than can be justified by the level of production of goods and services in the economy.

A (?critical) example [word indistinct]: Let us assume that last year the amount of money in circulation was $100, corresponding in value to the national output of goods and services. But during this year the amount of money in circulation jumped to $130, while output increases by only 5 percent. Then clearly prices will move up as money supply has grown [word indistinct] compared to the increase in output in the economy. In such a situation it is inevitable that prices will move and everyone will feel richer by virtue of having $130 compared to $100 the previous year. But since the society has increased production by only five percent, while money supply has grown by 30 percent, we'll have that much more money chasing a limited amount of goods,

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resulting in upward price movement while the economy [word indistinct] inflation. And while demand-pull inflation is something, government has [word indistinct] major responsibility by addressing it through fiscal and monetary policies.

As regards fiscal policy, there are two major actions to be taken. One is to restrict expenditures to as great an extent as possible, and furthermore to insist that when certain expenditures take place, government receives full value for every dollar which is expended. To complement this, government must see to collect all the revenue which is due to it from households and from businesses. When we say collect revenue, this applies not only to central government, but also to public entities like the Jamaica Public Service and the National Water Commission, which sell goods and services on a commercial basis.

In terms of monetary policy, government [words indistinct] the rate of growth of money supply by increasing interest rates. This action will lead to a reduction in demand for credit in two ways. On the one hand, anyone about to borrow, especially for nonproductive purposes, will think very seriously about it because of the higher cost of money reflected in higher interest rates. At the same time, anyone with resources will be attracted to save them and earn the high levels of interest [word indistinct] as opposed to moving those resources for consumption purposes. The government can therefore influence the level of money supply by [word indistinct] market [word indistinct] whereby offer government paper, be they treasury bills, (?locally registered stock), or certificates of deposit [word indistinct] to the public. But however rates of interest are offered on these monetary instruments, the more than [words indistinct] mentioned about its impact in that those who need to borrow will consider whether they can afford it, and those who have resources will be attracted to earn additional income by investing in government paper.

Government actions will obviously affect decisions of financial institutions as they will have to compete in terms of interest rates with government in order to attract depositors. In the case of Jamaica, a very special characteristic obtains in terms of domestic market operations. That is related to the fact that the resources obtained from such operations are not utilized to finance government activities, but rather are simply (?paralyzed). What this means, Mr. Speaker, is that the government's objective is simply to pull that money out of circulation, not to do this to meet any obligation. This was a clear [words indistinct] the interest payments due on the CD's [certificates of deposit], [word indistinct], and (?local registered stock) have been met by budget, even though the principal is not renewed. But this is the price that the government has to pay to be prepared to pay to help in the fight against inflation, because if we don't we are going to fuel inflation further which is by far the most (?foolish) act of all.

Having identified how the demand-pull inflation works, let us consider cost-push inflation in the domestic situation. This is where the cost of inputs into production increase rapidly. Such inputs include labor, capital, equipment, as well as raw materials. It is at this juncture that we have some problems, as the market system [word indistinct] although improving, is far from efficient. And most of the producers of goods and services operate under the simple assumption that they can just pass on any increases in costs without worrying about consumer resistance. [Words indistinct] producing for export, and it does not matter [words indistinct] good or service, then clearly such an approach simply will not work. For example, our tourism sector cannot simply pass on local increases by increasing [words indistinct] since no tourist is obliged to come to Jamaica. However, the extent of competitiveness which obtains in the tourism industry does not characterize most of our other sectors. In several other areas, and this applies to both the public sector and private sector producers of goods and services, simply passes on to the consumer the result of [words indistinct]. It has been noted one of the inputs into production is the cost of wages and the proprietors will have to understand that [words indistinct] cannot keep on passing wage increases arbitrarily.

Now that we have overcome the fight from the foreign exchange side, this administration considers the fight against inflation as the major war facing the country on the economic side at this time. [applause] And I [words indistinct] there is some evidence that at long last the (?defense) initiatives which we have taken are beginning to show some impact. Because [words indistinct] problem. We have now established a special unit, drawing on technicians from the key institutions from the government, the Bank of Jamaica, the [word indistinct] Institute of Jamaica, and the Ministry of Finance and allied the major factors which cause inflation and to design effective measures which will conquer it.

Two [as heard], we (?consent) to keep a tight rein on money supply and systematically reduce its rate of growth, thus reducing the extent to which inflation can be associated with demand [words indistinct].

The Bank of Jamaica, Mr. Speaker, has begun to systematically reduce the foreign exchange (?surplus), because for every U.S. dollar [word indistinct], close to 2.5 Jamaican dollars are put into circulation and then [words indistinct] that we have to absorb subsequently to keep our money supply target (?elastic). It is a difficult balancing act. And we still need to improve our [words indistinct] the correct balance between the [word indistinct] rate of growth and money supply and improving [word indistinct]. As a result of [words indistinct] the Bank of Jamaica will, effective 1 November, reduce its [word indistinct] percent of purchases from the commercial banks from 20 percent to 15 percent. It will also be reducing the percentage of purchases from the cambios from 60 percent to 50 percent. Of course, the trading

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window of the Bank of Jamaica will remain open to purchase any foreign exchange that might be gained at a bargain.

Four [as heard], we are intensifying the drive to collect revenue. [Words indistinct] is being deployed, the [word indistinct] is being deployed to assist in the collection of revenues other than [word indistinct]. And all those were collected [words indistinct] and other revenues, so that [word indistinct] turn them over to the government to [words indistinct]. [Passage indistinct] tactical problem for government, but also increases the amount of money in circulation that the Bank of Jamaica has to turn around and try to absorb.

Five, central government expenditures will now be [word indistinct] monthly as opposed to quarterly (?warrants). This [words indistinct] revenue to expenditure so as to reduce the [word indistinct] deficit.

Six, an additional [passage indistinct] to insure that all government expenditure is fully justified and that where money is spent we obtain full value for each dollar.

Seven, within the context of the above, government has to take the lead in terms of moderating the level of wage settlements, since the rate of settlements are in a context where they cannot be supported by additional revenue or by [words indistinct] would instead contribute to inflation.

Another [word indistinct], Mr. Speaker, the rate of inflation is one of primary concern of all (?elements) of society. Mr. Speaker, there were times when more Jamaicans knew about the IMF than any other [words indistinct] anywhere else in the world. I think now more Jamaicans talks about inflation, although [word indistinct] it is nowhere in comparison to what other countries have experienced in some other portions of the world. But I think we recognize we have to work to bring inflation down to the target which we have set originally which is at one percent a month. In August it was 2.4 percent; in July was 3.3 percent [words indistinct] and the increase for (?five) months is 1.1 percent. [applause]

I [words indistinct] that the result does not yet establish a trend. But it shows that we are doing something right, and we are extremely heartened by these statistics. [applause] [passage indistinct]

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Tello Hopes California To Reject Proposition 187

PA2810043794 Mexico City UNOMASUNO in Spanish 24 Oct 94 p 11

[Report by Bartolome Rubio Hernandez]

[FBIS Translated Text] Foreign Relations Secretary Manuel Tello Macias yesterday said the Mexican Government is convinced that the citizens of California will show good judgment on 8 November by voting against Proposition 187, because if this initiative passes it will merely cause more problems than it solves.

Interviewed at the Mexico City airport before traveling to Guadalajara where he will be heading the festivities commemorating the 48th anniversary of the creation of the United Nations, the foreign secretary said the Foreign Relations Secretariat (SRE) is in constant contact with Mexican groups and consulates in the United States in an effort to create a sense of awareness among voters on the negative effects the approval of the anti-immigration initiative could have.

During the interview, the Mexican secretary said that up until now there have been no reports of human rights violations against Mexican citizens following the implementation of "Operation Guardian." He also pointed out that U.S. immigration authorities are free to implement any measures to prevent foreign nationals from entering U.S. territory as long as the measures do not violate individual rights.

Tello Macias said Mexico can only hope that on 8 November—the day Proposition 187 will be voted on as part of the election ballot—Californians vote down the proposal. According to the foreign secretary, far from solving migration problems, the proposal only complicates things more, as has been proven in recent days. He added that the SRE has maintained a constant dialogue with Attorney General Janet Reno in a bid to prevent any human rights violations. Nevertheless, the final decision lies with the residents of California.

The foreign secretary pointed out that the only way to persuade people is through efforts undertaken by the Mexican communities in the United States. Furthermore, he insisted that the secretariat is writing to these communities to encourage them to convince voters that initiatives such as Proposition 187 do not solve any problems." [no opening quotation marks as published]

PRD Issues Statement Against Proposition

PA2810044994 Mexico City XEW Television Network in Spanish 0430 GMT 25 Oct 94

[From the "24 Hours" newscast]

[FBIS Translated Text] The National Executive Committee of the Party of the Democratic Revolution [PRD] on Monday in Mexico City released a statement regarding Proposition 187, sponsored by the governor of California.

PRD International Relations Secretary Amalia Garcia read the PRD statement and said these kinds of measures are against and violate civil and human rights of legal and illegal workers that reside in California.

[Begin Garcia recording] Proposition 187 contemplates such monstrous measures as children of illegal immigrants accusing their own fathers in their respective schools, to mention just one of the relevant aspects of said proposal. [end recording]

Garcia also said the PRD's position regarding this situation is not aimed only at the U.S. Government, but also at the Mexican Government.

[Begin Garcia recording] We express our most vigorous condemnation and rejection of any attempt to impose measures detrimental to any rights, to any extent, of our compatriots residing there. We demand an end to all segregationist policies or practices that violate their rights, and we demand from the Mexican Government specific steps to protect them, availing itself of and using various instruments of international law. [end recording]

Commissioner Notes Willingness To Solve Chiapas Conflict

PA2710181894 Mexico City NOTIMEX in Spanish 2059 GMT 25 Oct 94

[FBIS Translated Text] Mexico City, 25 Oct (NOTIMEX)—Jorge Madrazo, commissioner for peace and reconciliation, said today that the Mexican Government is still willing to peacefully resolve the armed conflict in southeastern Chiapas State. He added: "With these actions, the government is explicitly expressing its resolve to peacefully solve the conflict. It still believes that the peace for which the Mexican people are longing will be reached by holding talks in a respectable and fair manner."

Madrazo was inaugurating the Information and Analysis Commission [Comision de Informacion and Analisis], which will be in charge of investigating the events that could affect the cease-fire in the conflict zone.

The commission, which will begin work on 29 October, will be comprised of the leaders of public human rights commissions grouped under the Federation of Public Organizations for the Protection and Defense of Human Rights [Federacion de Organismos Publicos de Proteccion y Defensa de los Derechos Humanos].

On 1 January, the Zapatist National Liberation Army (EZLN) occupied several towns in the Chiapas highlands by force, demanding an end to the social backwardness of Indians in the region. On 12 January, President Carlos Salinas de Gortari ordered a unilateral cease-fire. Between 23 February and 3 March, the armed group and the peace commissioner began the first phase of the talks that would bring peace to the area. Since 3 March, the government has urged the EZLN to resume talks. Last week, the armed group refused to continue the negotiations over the absence of the proper conditions.

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Several days ago, the peace commissioner announced that, in response to a previous communique issued by the rebels, the Mexican president had ordered the Army to deploy to the positions it held on 12 January, when a virtual truce began.

Madrazo pointed out that three surveillance camps were erected in the conflict zone and that the work of the information and follow-up camps, located near military checkpoints, will begin soon.

The peace commissioner explained that there have been no previous contacts with members of the EZLN and that the measures to be taken were not announced until today.

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Guatemala

URNG: No Cease-Fire Talks Until Other Issues Settled

PA2710190494 Madrid EFE in Spanish 2342 GMT 24 Oct 94

[By Ana Carolina Alpirez]

[FBIS Translated Text] Valle de Bravo (Mexico), 24 Oct (EFE)—The Guatemalan National Revolutionary Unity (URNG) said today, Monday, that it rejects the government's plan to immediately negotiate a cease-fire in conflict zones located in northern and western Guatemala. Rebel leader Rodrigo Asturias (Commander Gaspar Ilom) told EFE that the URNG has not anticipated "that possibility" because it believes it should only be discussed after discussing the agenda of social and political issues. Asturias, who was the spokesman for the URNG during the talks held until today with the government at Valle de Bravo, a Mexican vacation spot, reiterated that this issue "concerns a situation and a concession that cannot be changed."

The timetable established in March by the government, the guerrillas, and the United Nations set the cease-fire as the fifth point on the agenda after the signing of agreements on the refugees, those displaced within the country, and the Indian populations.

But the parties have not been able to accomplish their objective of approving the analysis of the economic issues, the agricultural situation, the strengthening of civilian power, the role of the Army in a democratic society, and the reintegration of the URNG into the country's political life. These issues should have been approved in July, August, and September. But since the talks have been suspended for the past four months, any agreement in these areas has been impossible.

Neither have the parties concluded the discussion of the identity and political, cultural, economic, and social rights of the Indian peoples, which are expected to be defined by next month when the two parties are slated to meet in Mexico from 4 to 9 November. The procedure agreed upon in January 1994 stipulates that a new issue will not be discussed until pending issues have been discussed. It does not allow for change in their order.

Hector Rosada, chairman of the government's Peace Commission (Copaz), told EFE that on several occasions the government has asked the rebels to discuss the cease-fire right away. He added that the "only answer to this has been the silence of the (rebel) leaders." According to Rosada, the suspension of military actions in the conflict zones in northern and western Guatemala could help guarantee the lives of thousands of Guatemalans, but "the guerrillas have rejected this without any explanation."

For the past three decades, the armed Guatemalan conflict has taken over 150,000 lives, displaced over 1 million people internally, and left 450,000 people missing, according to international humanitarian organizations.

The administrations of Jorge Serrano (1991-1993) and Ramiro De Leon Carpio have not been able to finalize the negotiations they began with the guerrillas in 1991 to try and put an end, through political means, to the longest running Central American conflict. During these four years, they have been able to sign the agreements necessary for the country's democratization, respect for human rights, resettlement of uprooted populations, and the creation of a commission that will investigate the violations committed during the conflict.

Antonio Arenales Forno, an attorney and member of Copaz responsible for judicial matters, told EFE that the cease-fire agreement considers issues like the concentration of combatants, disarmament, and mobilization. It deals with issues that the URNG, which is comprised of three military wings and one political wing, prefers to negotiate only after obtaining significant agreements at the negotiating table.

Monsignor Rodolfo Quezada, president of the Civilian Society Assembly, has reiterated that the guerrillas will not lay down their weapons until they are certain of compliance with the agreements. Quezada was a mediator in the process for three years.

Nicaragua

Lumberto Campbell Appointed BARRICADA Director

PA2810043694 Managua BARRICADA in Spanish 27 Oct 94 p 1

[FBIS Translated Text] Samuel Santos, BARRICADA Board of Directors vice president, has telephoned Commander Bayardo Arce Castano, BARRICADA Board of Directors president, who is in Spain, to explain the formal and legal change of the BARRICADA director.

Santos confirmed the official and legal appointment of Lumberto Campbell as provisional director, replacing Carlos Fernando Chamorro, whom the Board of Directors thanked for his admirable performance as BARRICADA director, a post he held for 15 years.

Renewal Movement To Decide on Election Strategy

95P20099A

[Editorial Report] Managua LA TRIBUNA in Spanish of 17 October 1994 on page 8A reports that the Renewal Movement faction of the Sandinist Front will hold an extraordinary assembly at the end of the year to reach a decision regarding its participation in the 1996 elections as a separate political party. Faction leader Sergio Ramirez said that the first order of business is to strengthen the movement's organization and choose a

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winning strategy, and that members other than himself should consider being the party candidate.

Panama

Cuban Rafters Escape; Police Launch Search

PA2710235394 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Oct 94

[From the "RPC Television News" newscast]

[FBIS Translated Text] Approximately 19 Cubans from Camp 3 at Empire Range escaped today by jumping over the fence. The Panamanian police are combing western Panama Province. The so-called Cuban rafters had threatened to stage mass escapes, alleging that the existing conditions at the camps are difficult and that they need to legalize their status to go to the United States. Operation Safe Haven Spokeswoman Liliana Levy said that the escapes occurred at approximately 1000 hours and that the rafters simply jumped over the fence and fled into the thick jungle. One rafter, however, was captured.

In view of this situation, the Southern Command decided to suspend the visits by relatives of the Cuban rafters. It is worth mentioning that eight rafters are currently on hunger strike at Camp 3, where the escapes occurred. The police search is continuing and has yielded no results as of this newscast. This is the second time Cuban rafters have escaped from the Emperor Range camps.

Search Continues; 2 Found

PA2810011194 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Oct 94

[Report by Abdiel Antonio Gutierrez; from the "RPC Television News" newscast]

[FBIS Translated Text] A Southern Command spokesman has reported that the search for 19 Cubans who escaped from Camp No. 3, on the banks of the Panama Canal, will be maintained with the cooperation of the Panamanian public forces.

Nineteen Cuban rafters have jumped over the wire fence around a camp on the banks of the Panama Canal and have fled.

The Southern Command has reported that the rafters left without permission and the military authorities and the Panamanian police are carrying out an intense search for them.

The first escape occurred at approximately 1000 hours when a group of 12 rafters jumped over the barbed wire fence and rushed into the jungle.

A military spokesman has reported that one of the escapees has been brought back to the camp. However, a few hours later, a second group of rafters, nine people, left the camp again without authorization and it has been decided to suspend visits to the rafters.

The escapes took place in Camp No. 3, where eight rafters went on a hunger strike this past Tuesday to demand visas to the United States.

The rafters began arriving in Panama on 7 September. Since then they have been provided with entertainment and recreational activities, but in spite of these efforts, some groups remain unsatisfied and want to travel to the United States.

The Panamanian Foreign Ministry has reiterated that the United States is responsible for the Cubans and that the clauses of the pact signed for the arrival of the islanders to Panama are being implemented.

[Begin recording] [Panamanian presidential adviser Erich Rodriguez Auerbach] The Foreign Ministry respects the agreement signed with the United States on this matter. Therefore, it is established that the stay, security, and control of these Cuban citizens on our territory is the responsibilty of the U.S. Army and the issue of how they are treated and where they are sheltered must be coordinated with the government and public forces, that is, at the police and government and Justice Ministry levels.

[Unidentified reporter] Will the Panamanian Government demand better controls for this type of situation? This is not the first time this is occurring.

[Rodriguez] This is a matter that has to be decided by other Foreign Ministry and government authorities. [end recording]

The Southern Command has transferred 8,542 rafters from the Guantanamo Naval Base, in Cuba, to camps in Panama. It is expected that in the next few days, the 10,000 figure permitted by the government of President Ernesto Perez Balladares will be reached.

The rafters can stay for six months. This deadline expires in March 1995.

The search for the escapees will continue until they are found, a military source has told RPC. Last month, two Cuban rafters were able to escape through the jungle bordering the canal. They were captured by the police in Veraguas.

IDB President on Paying Latin American Social Debt

PA2610002394 Panama City Telemetro Television Network in Spanish 1730 GMT 24 Oct 94

[Report by Axel Rivera; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Enrique Iglesias, director of the Inter-American Development Bank [IDB], has said the

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time has come to pay the Latin American countries' social debt. The high-ranking IDB official has initiated a two-day tour of Panama.

The first point on his agenda included a meeting with Legislative Assembly President Balbina Herrera. "Telemetro Reports" was able to learn the talks were on the social debt and how the IDB can contribute to the improvement of the conditions of more than 1 million poor people living in Panama:

[Begin Herrera recording] Even though it is true the economy needs to be modernized, we must also bear in mind the modernization of the social debt. There can be no open economy if commitments are not made with this country's social debt. [end recording]

Iglesias, director of the IDB, one of the three banks that make up the IFI's [international financial institutions], will meet with various productive sectors in Panama. There are plans to meet with the president of the Republic, with whom a loan for more than $1 billion will be signed to finance social projects:

[Begin Iglesias recording] I believe Panama has a healthy economy, and I believe the government has implemented a very good program, because it not only stresses economic aspirations but also has social goals. I can tell you the IDB could not agree with this point more. I believe the time has come to pay the social debt in Latin America; in this regard, the program is on the right track. [end recording]

The loan negotiation process began six months ago with an evaluation mission and will end tomorrow with the signature of the loan agreement.

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Argentina

SIDE Plans To Operate in Tunisia, Turkey, Egypt

PY2710233794 Buenos Aires LA NACION in Spanish 27 Oct 94 p 12

[Article by Alfredo Vega]

[FBIS Translated Text] SIDE [State Intelligence Secretariat] is planning to open three agencies in Islamic countries—Tunisia, Turkey, and Egypt—as part of the strategic reorganization of the institution since the attack against the AMIA [Argentine-Israeli Mutual Association].

The initiative of Hugo Anzorreguy, SIDE chief, has as its objective the strengthening of ties with the intelligence services of those countries, in order to cover an information flank that is considered indispensable.

A qualified source from that organization told LA NACION that "in view of the new realities cropping up throughout the world, we must replan some objectives."

The priorities of the Argentine agents will focus on drug trafficking and international terrorism.

Anzorreguy has just concluded some secret meetings abroad, and it was agreed that these agencies would be installed. Agents from the nations involved will also visit our country. The first agency could be installed in Tunisia, where Yasir 'Arafat had lived for the past 12 years— until July 1994, when he decided to live in the autonomous Gaza Strip.

The PLO still has offices in Tunisia, and it was there that 'Arafat met with Foreign Minister Guido Di Tella in February 1994.

The Argentine position regarding the PLO leader has been in step with international trends, in that many of the barriers were blown away after 'Arafat signed the peace treaty with Israel.

Argentine intelligence is also interested in Egypt, as that country has, in its fight against terrorism, seized very valuable documentation which Egyptian authorities describe as "giving us the initiative to face any type of terrorist operation before it is unleashed."

Bolivia

Internal Split in Solidarity Civic Union Detailed

PY2710195894 Santa Cruz EL MUNDO in Spanish 19 Oct 94 p 38

[FBIS Translated Text] La Paz, 18 Oct (JATHA)—The Solidarity Civic Union, UCS, congressional bloc split today into loyalists and opponents of UCS leader Max Fernandez, who has been accused of threatening to kill UCS lawmakers who support Senator Guillermo Rosso. The UCS expelled Senator Guillermo Rosso Mendieta and Deputies Maximo Teran Garcia, Osman Landivar Bowles, Raul Tovar Pierola, Fernando Bowles Risso, Luis Enrique Monasterio, and Ruggero Seborga Prieto, because allegedly "they are too interested in toeing the administration's line and abiding by the governability pact."

Rosso confirmed that the bloc split on the evening of 17 October, and reported that Max Fernandez has telephoned several UCS lawmakers and threatened to kill them for refusing to blindly follow his orders.

"We believe it to be appropriate and necessary to report to the public at large that during the meeting held at the Bolivian National Brewery building last night, Mr. Max Fernandez threatened to kill all those who refuse to follow his political and commercial instructions," Rosso said.

He added: "This threat was an irrational reaction to the request for the party's democratization and the establishment of a political course of action, which Mr. Fernandez has been arbitrarily and inconsistently setting, totally disregarding the UCS' founding principles."

The seven lawmakers stated that they decided to remain in the governability pact to meet the historical challenges that Bolivia's difficult situation poses.

The lawmakers also called for democratization within the UCS, starting with the leadership, by means of direct elections, and asked the National Electoral Court to step in to enforce the UCS charter.

"We decry the reckless death threats that Mr. Max Fernandez Rojas uttered last night against lawmakers and UCS members who refuse to blindly follow his orders," the seven congressmen said.

They asked the Government, Community Affairs, and Migration Committees and the Constitution, Justice, and Judicial Police Committees of the Senate and the Chamber of Deputies to take the necessary steps to protect the lives and ideological freedom of UCS members.

The 14 so-called "Max Fernandez loyalists" led by Deputy Hector Cartagena stated that "reports of death threats come from people who have no moral standing and are no longer part of the UCS."

Cartagena delivered a communique to the news media and explained that his group of lawmakers has decided to go into constructive opposition.

The 14 "Max Fernandez loyalists" stated that "the MNR [Nationalist Revolutionary Movement] administration has tried in vain to get our bloc to turn its back on our leader and chief, Max Fernandez Rojas. The administration did not succeed this time, nor will it succeed in the future."

The loyalists added: "We tried to defeat the severe recession our country is going through, we tried to

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provide jobs for all Bolivians, but unfortunately the mass dismissals for political reasons prevented this."

Transition Leaders Elected

PY2710221694 La Paz Television Nacional Network in Spanish 1700 GMT 27 Oct 94

[FBIS Translated Text] The UCS [Solidarity Civic Union] National Executive Board and its legislative bloc today decided to elect the new transition leadership formed by UCS dissidents.

The following are the new members of the UCS leadership: Edgar Talavera Soliz as chairman, Guillermo Rosso Mendieta as deputy chairman, Osman Landivar as executive secretary, and Rene Vasquez as organization and coordination secretary.

The transition UCS leadership will enjoy the following powers: head the party's complete reorganization at a nationwide level; establish the transition departmental leadership throughout the country; organize the National Convention; and safeguard party discipline and moral standards.

New UCS leader Edgar Talavera said they will pursue the governability pact by improving its scope through the implementation of the Solidarity Plan and the Plan for All.

In response to all this, the vice president of the Chamber of Deputies and high-ranking UCS leader said: I think Guillermo Rosso suffers senile dementia. This is, in practice, a sort of answer to Senator Rosso's comments against the UCS and Max Fernandez. He added: "I do not want to take those comments seriously, because Rosso is saying such weird things that they do not deserve any reaction."

Cochabamba Military Rejects 'Unrest,' Supports Reorganization

PY2810024494 Cochabamba LOS TIEMPOS in Spanish 20 Oct 94 p A6

[FBIS Translated Text] The unrest generated by the wave of scandals involving members of the Armed Forces High Command has been repudiated by the Cochabamba military garrison, which has requested an immediate reorganization.

Until last week military commanders such as General Guido Tavera Leyton, commander of the 7th Airborne Division, had denied the existence of unrest within the Armed Forces.

In his statement, Gen. Tavera said that military activities are developing normally and in compliance with the Constitution.

However, a strong rejection of the situation, prompted by charges of economic damages against General Fernando Sanjines and charges of abuse of power against Navy Commander Admiral Julio Molina, has changed the officers' attitude.

Although the Armed Forces do not deliberate, it has been an excuse for them to express their deep concern over the problems affecting the military leadership's structure.

According to military sources, Cochabamba is allegedly in favor of applying the mechanism currently in force regarding the problems faced by the commander in chief of the Armed Forces.

The officers have stated that it is not a question of reorganizing the High Command simply because of pressure, but to avoid having the image of the institution affected by rather unclear incidents that must necessarily be settled within the military sphere.

They recommended that the military careers and professional attributes of those who, through their own merit, are called upon to occupy high-ranking posts within the Armed Forces Chief of Staff be taken into account.

Brazil

Amorim Assesses Significance of Israeli-Jordanian Peace

PY2710222694 Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Oct 94 p 11

[Commentary by Foreign Minister Celso Amorim]

[FBIS Translated Text] The Brazilian Government has been invited to attend two events that are of paramount importance for the consolidation of the Middle East peace process—the signing of the peace treaty between Israel and Jordan, and the Middle East and Northern Africa Development Summit in Casablanca. I will attend these two events by order of the president of the Republic in recognition for the significant and expeditious Middle East peace process.

The signing of the peace treaty between Jordan and Israel in Wadi al-Arabi, on the southern border between the two countries on 26 October, will end a state of belligerence that can be traced back to post-war times. This milestone, which is a major step toward world peace, lays the foundation of dialogue and cooperation—Jordan and Israel will establish full diplomatic relations through the exchange of ambassadors. Beside King Husayn of Jordan and Israeli Prime Minister Yitzhaq Rabin, the ceremony will be attended by U.S. President Bill Clinton. Foreign ministers from the EU "troika," (Germany, France, and Greece) [as published], Spain, Japan, and Canada are also invited. Within Latin America, the invitation was only extended to Brazil—which proves the significance of Brazil's relations with Middle East countries and acknowledges the important role played by our diplomacy in building an international order based on peace and understanding.

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The recent political events in the Middle East have therefore a very special meaning. They follow a series of actions of undeniable significance like the 1979 Camp David agreements—after which Israel and Egypt signed a peace agreement—the initiative of the Regional Peace Conference for the Middle East in Madrid in 1991, and the agreements between Israel and the PLO that heralded the establishment of "Provisional Authorities for the Self-Government of Palestine" in the Gaza Strip and in Jericho.

The Brazilian Government has many reasons to feel truly content. The victory of diplomatic dialogue over the machinations of violence and intransigence gladdens us because it exalts the principles for which we globally struggle—the search for negotiation, for the peaceful settlement of controversies, for compliance with the UN Charter and UN decisions, and for international security built on trust and mutual respect.

I thus extend my congratulations to the Israeli and Jordanian head of government and state, respectively, on behalf of President Itamar Franco for their resolute, composed, and courageous decision. The dedication and skill with which the U.S. Government helped the peace process also deserves comparable acknowledgement since the U.S. Government gave the necessary political support to the fostering and success of this endeavor. The entire international community should be congratulated.

Following the ceremony at which the peace treaty will be signed, I will participate in the Middle East and Northern Africa Development Summit in Casablanca from 30 October to 1 November. Heads of state and government, and ministers from 53 countries from all over the world will be present at this meeting. It will be presided over by Moroccan King Hassan II and co-sponsored by the presidents of the United States and Russia. The UN secretary general and high-ranking officials from international organizations like the IMF, the World Bank, GATT, the OECD, the European Development Bank, the Arab Fund for Economic and Social Development, and businessmen from many countries will take part in this summit.

The Middle East and Northern Africa Development Summit constitutes an indispensable step toward realizing that region's longings for peace since it fosters a major widening of economic cooperation ties. The most salient priority sectors to be targeted for cooperation purposes at the Casablanca Summit include tourism, transportation, the environment, energy, agriculture, water, communications, and training programs. Joint undertakings between private companies and the public sector, supported by regional credit and finance mechanisms, are expected to be discussed at this meeting. This will be further backed by a chamber of commerce to foster the interests and suggestions of businessmen from the region.

Brazil, whose population was enriched by migratory waves from that region, is very interested in partnerships with companies of that region and in helping the projects to develop countries in the Middle East and northern Africa.

The Brazilian Government is, therefore, honored to participate at the signing of the peace treaty between Israel and Jordan and in the Casablanca Summit, not just in acknowledgement of the invitation extended to us or by virtue of the close ties of friendship between Brazil and the countries of that region, but also because it gives us great satisfaction to witness how values which are so dear to the Brazilian diplomacy have become a reality.

Success of Mercosur Integration Surveyed

95SM0011A Sao Paulo VEJA in Portuguese 28 Sep 94 pp 60-67

[Article by Joao Fabio Caminoto and Marcos Pivetta: "Neighbor's Backyard a Moneymaker"; introductory paragraph in italics as published]

[FBIS Translated Text] *Three months before it makes its debut, Mercosur [Common Market of the South] is already billing $10 billion and producing a radical change in the region.*

Our country's southern border is proof that good ideas do not obey timetables or official protocols. With three months still remaining before the actual integration of the economic bloc formed by Brazil, Argentina, Uruguay, and Paraguay, Mercosur is a resounding success. Business among those four countries is growing at a dizzying rate, and by the end of the year it will probably reach the impressive figure of $10 billion, or three times more than in 1990. That jump in business is based on an endless list of good news. The first was the breaking down of borders that had existed since the era of discovery in a territory that is larger than West Europe and is now home to 190 million people responsible for the production of $715 billion in wealth every year. Foolish prejudice and distrust among neighbors also collapsed. With the push received from Mercosur, thousands of firms are becoming more competitive, learning to export, and creating jobs.

In Brazil, the most visible result of all this can be seen in the three southern states, where a radical change in the economy is under way. Over the past two years, they have been growing at full speed and outdoing their neighboring states in the national export rankings. Last year, Rio Grande do Sul upset Minas Gerais to become Brazil's second-largest exporter. Parana, now fourth in that ranking, increased its foreign sales by 14 percent. Squeezed between its two neighbors, Santa Catarina did even better: it increased its exports by 23 percent and took fifth place, ousting Rio de Janeiro, which fell to sixth place. The three southern states combined now account for one-fourth of all Brazilian exports. And all thanks to Mercosur. "An explosion in business is taking place, and it is made easier by the fact that we are located close to those countries," says economist Suzana de

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Medeiros Albano of Rio Grande do Sul's Secretariat of Economic and Social Development.

Brazil for export: Although still an esoteric subject for Brazilians in other states, Mercosur has become a topic around the tables in Porto Alegre's bars. A special program by RBS TV on the subject ("Southern Cone Project") attracted the largest audience ever—over 600,000 viewers—even though it aired at 0100, which is not exactly prime time. There is even a telephone line in Rio Grande do Sul's capital to facilitate business between Brazilian, Argentine, Uruguayan, and Paraguayan firms. Established in 1991, the Mercosur Hot Line receives an average of 400 inquiries per month. Last week 500 firms got together in Caxias do Sul in the Rio Grande do Sul mountains for a four-day industrial fair featuring Southern Cone products. Business exhibits of that kind involve impressive figures. In another event, the Mercotrade Fair in Rio de Janeiro two weeks ago attracted over 1,000 businessmen, and deals worth $110 million were closed in only four days.

The success of Mercosur contains basic lessons in economics. The first such lesson is that capital goes where it finds good business opportunities. And they are not lacking in the four countries in question. With its economy stabilized since 1991, Argentina is now proportionately one of the biggest investment poles in the world. During the period in question, $33 billion, including $20 billion from privatizations, has entered Argentina. That is the equivalent of 12 percent of Argentina's gross domestic product. In Brazil's case, a different and entirely new phenomenon is occurring as a result of Mercosur: besides exporting products, Brazil is also learning to export capital. Over the past four years, Brazilian firms have invested about $1.5 billion in Argentina. "This is an unprecedented situation for our businessmen," says Michel Alaby, executive vice president of the Association of Brazilian Firms for Integration With Mercosur. "There are currently about 500 Brazilian firms with offices or subsidiaries in Argentina."

The list of Brazilian multinationals resulting from Mercosur runs the gamut from unknown names to famous brands such as Hering, Brahma, and Sadia. Hering is an exemplary case. In partnership with a local company called Redmont, it has opened 72 stores in Argentina to sell its products exclusively. One of those stores, in Buenos Aires, covers over 1,000 square meters and is open seven days a week. The Santa Catarina company's Argentine partnership will earn $100 million this year—nearly half as much as Hering Textile's billings in Brazil. "By the end of 1995, we will have doubled the number of stores," says Argentine Miguel Baghdasarian, president of Redmont.

Interesting changes in behavior have accompanied the race to Mercosur. In Argentina, the consumption of wine, the country's extremely traditional beverage, has been declining among young people while beer consumption has been rising. That phenomenon is being accelerated by Brahma. After being active in Argentina for three years, the Brazilian brewery now has 6 percent of the market, and it intends to open a new brewery in Buenos Aires by the end of the year. On the basis of an advertising campaign whose slogan is "He thought about beer; he asked for a Brahma," the firm intends to further increase its market share. At the beginning of the last decade, every Argentine consumed an average of 75 liters of wine per year, compared to less than 10 liters of beer. Now he drinks 50 liters of wine per year, but beer consumption has already reached 30 liters per person. "Wine is a drink for old people," says Argentine Miranda Lobo, 18. "All my friends drink beer." To adapt to Argentine habits, Brahma has also introduced its product in a one-liter bottle, that being the preferred size in Argentina.

Another important change in behavior can be observed in classrooms. Spanish-language schools throughout Brazil are filled to capacity. In Porto Alegre, applications for Spanish classes are up 80 percent this year. In Rio de Janeiro, about 100 public and private schools now provide regular Spanish-language classes. On the other side, Portuguese is going to be added to the compulsory high school level in Argentina beginning next year. "The government is training 800 language teachers to teach Portuguese in the public schools," says Sylvia Oliveira de Estevan, director of the Center for Brazilian Studies in Buenos Aires. The center she heads is an agency of the Brazilian Embassy that provides Portuguese-language classes for over 2,000 students.

Takeoff in the South

	Billions of $		Percent
State	1992	1993	Growth
Sao Paulo	13.3	13.3	-
Rio Grande do Sul	4.4	5.2	18
Minas Gerais	4.8	5.0	4
Parana	2.1	2.4	14
Santa Catarina	1.8	2.2	23
Rio de Janeiro	1.9	2.1	11

The three southern states showed the greatest increase in exports last year. Rio Grande do Sul passed Minas Gerais. Santa Catarina passed Rio de Janeiro (in billions of dollars).

Free zone: Everything that has been occurring is just a rehearsal for what will happen when Mercosur begins functioning officially on 1 January. From that date on, most Brazilian, Argentine, Uruguayan, and Paraguayan products will cross the border without paying any duty at all and without being subject to any kind of restriction. That will be the actual start of a free-trade zone among the four countries. Also taking effect in January will be the so-called customs union, which establishes a single tariff for products imported from other countries by the four members of Mercosur. This means that when

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importing a car from the United States, for example, Brazil, Argentina, Uruguay, and Paraguay are pledged to collect the same 20-percent tariff. This rule will apply to a list of about 9,000 products.

Another list with approximately 300 items for each country will be temporarily exempt from the agreement. These are items considered more vulnerable to foreign competition, an example being data processing goods. They will have some tariff protection for the first few years, after which they will not have even that. "In the future, no firm or product will remain outside Mercosur, because it will be essential to their survival in the common market," predicts the Brazilian ambassador to Argentina, Marcos Azambuja.

The integration of Brazil, Argentina, Uruguay, and Paraguay into Mercosur is part of a worldwide phenomenon. The formation of big economic blocs is a definite trend in the planet's economy as this century ends. The most advanced economic bloc—the European Union—constitutes a market of 350 million people and a GDP of $7 trillion. The more recent NAFTA, comprising the United States, Mexico, and Canada, has nearly the same population as the European bloc and a slightly lower GDP. "Working as a bloc has become essential in an increasingly internationalized economy," says Rio Grande do Sul attorney Maurenio Stortti, an expert on Mercosur.

The collapse of the southern economic borders also serves to chase away the clouds that have always hung over diplomatic relations among the countries of the Southern Cone. Until 10 years ago, back when they were still under military governments, Brazil and Argentina lived with their backs turned to each other. The Armed Forces General Staff (EMFA) in Brasilia maintained up-to-date plans for invading Argentine territory. In the Brazilian dictatorship's fantasies, the "Argentine threat" was even used to justify the idea of building an atomic bomb. Fortunately, that project was not carried out. In Buenos Aires, the hydroelectric power plant at Itaipu was viewed not as a resource for the production of energy but as a terrible Brazilian threat: a "water bomb" that could be used to flood the Argentine capital and the entire La Plata Basin in case of war.

Military veto: Economist Belmiro Castor, currently superintendent of Bamerindus [expansion unknown], the bank that acted as intermediary in arranging about $750 million worth of business between Brazil and Argentina last year, tells a story illustrating that era. At the end of the 1970's, when he was secretary of planning in Parana, Belmiro proposed holding a binational seminar bringing experts from Brazil and Buenos Aires together to discuss ways to use the water resources of the La Plata Basin. He received a scolding from Brasilia, and the meeting was vetoed by the Armed Forces General Staff. "I received an order to forget the matter," Belmiro says. Today everything has changed. "Mercosur is an irreversible process," says Argentine President Carlos Menem. "We have firms here from Chile, which was our traditional enemy until 10 years ago. No one imagined back then that things like this might happen someday."

For many firms, Mercosur is their first real opportunity to do business abroad. An example is the Santa Catarina firm of Inplac [expansion unknown] in Biguacu, a town near Florianopolis. A manufacturer of plastic packaging materials, Inplac is the leader in the Brazilian market for fertilizer bags. But in its 20 years of existence, it had never exported a single unit. With 360 employees and an annual billing of $20 million, the firm had always faced difficulties between harvests in Brazil. Lacking orders, the firm would be forced to cut its production in half. To escape that trap, it decided at the beginning of this year to establish representatives in nine Latin American capitals. Result: Inplac has received three orders since May from a Uruguayan firm to which it has sold 375,000 plastic bags. Its problem of what do between harvests has been solved. "From now on, we are going to be more aggressive and enter firmly into Mercosur," says Werner Meier, Inplac's marketing manager. "We want 15 percent of our billing to be from sales abroad within two years."

Mercosur is now the biggest and most important laboratory for a Brazil that is joining the global economy. In the best of cases, it will provide a boost for integration of a much more interesting sort: that with NAFTA, which consists of the United States, Canada, and Mexico. As Latin America begins to unite within smaller blocs, it will be gradually preparing for its eventual, and probably inevitable, marriage with the U.S. bloc. But even during these first stages of its takeoff, Mercosur is already destroying a myth regarding the Brazilian economy. It used to be imagined that in order to produce certain products, Brazil had to close its borders to foreign competition. In other words, Brazilian firms could not grow unless they had a captive market, in this case the Brazilian consumers themselves. It did not matter that they were producing shoddy goods costing more than those of their competitors across the border. That superstition continues to deceive the most naive today, but it is finding less and less ground to stand on.

More seasoning: Four years ago, when Mercosur was beginning to be a serious item on the diplomatic agenda of the four countries, the main topic at meetings by Brazilian businessmen was usually their concern over future Argentine competition. They all felt that bringing in products from our neighboring country might bankrupt a few sectors of the national economy, especially those producing fruit, grains, meat, and their byproducts. The opposite happened: Brazil has proved that it can compete in the market on an equal footing and often do better than the Argentines even in those areas.

One interesting case is Sadia in Santa Catarina. That firm has always exported products to Argentina in small quantities. Three years ago, it decided to strengthen its commitment to Mercosur. Everything was difficult at

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first. "It did not enter the mind of any Argentine that we were producing quality products," says Carlos Eduardo Sant'Anna, manager of Sadia Trading South. That company, a joint venture between the Brazilian firm and an Argentine group, has 65 employees and is headquartered in Buenos Aires. To overcome sales resistance, Sadia decided to sell not only sausage but also its traditional ham and chicken. Those were more sophisticated products, and some of them had no counterpart in the Argentine market, examples being Canadian pork loin, smoke-cured chicken, and special pates. "Our products are now a success in the supermarkets," says Sant'Anna. This year Sadia expects to bill about $30 million through its Argentine branch.

Another big food company that has been active in Argentina since 1991 is Arisco of Goias. Arisco currently sells about 30 products there, among them tomato sauce, ketchup, and powdered juice. It expects to bill about $30 million this year. An aggressive marketer, Arisco uses Xuxa, who is also a television star in Argentina, to sell its products. One of its most interesting challenges concerns the habits of Argentine housewives, which differ from those observed in Brazil. "Women here basically use salt to season their food," says Argentine Pablo Jaratz, marketing manager for Arisco in Argentina. To sell its line of ready-made seasonings, an item that did not exist in Argentine supermarkets, Arisco had to mount an advertising campaign to explain what its products were for. That task is being carried out by a well-known veteran actor in Argentina, Carlitos Bala. He appears in TV commercials talking about Arisco. Sometimes he even goes to supermarkets to explain to housewives what the seasonings are for. In the country's interior, Arisco's advertising star puts on musical and comedy shows attracting 5,000 people to sports gymnasiums. And he takes his catechism on the use of seasonings in food. Arisco seasonings, obviously.

Strength of Major Blocs

Economic bloc	Population (millions)	GDP ($ billions)
NAFTA	370	6,400
European Union	350	6,900
Mercosur	190	715

Two-way traffic: Trade in Mercosur takes place in both directions. It is normal for an export firm to also be an importer. Since last year, Isabela Food Products of Rio Grande do Sul, the largest producer of cookies and pasta in southern Brazil, has been selling cookies to Argentina and Uruguay. On the other hand, it imports 10 metric tons of "alfajores"—a kind of candy typical of the La Plata countries—from Uruguay every month and sells them on the Brazilian market under its own brand name. "It is much cheaper to buy candy from Nabisco in Uruguay than to set up a new factory in Brazil," explains Moyses Luiz Michelon, president of Isabela.

With the heating up of Mercosur, plants that had apparently wilted have begun to bloom again. That is the case with General Motors, which left Argentina in 1978 but has now decided to return there and gamble on the growth of the automobile business in the region. "We are an extension of General Motors of Brazil," says Leo Kunigk, the 55-year-old Sao Paulo native who heads Argentine GM. Last month the automobile industries in Brazil and Argentina beat their historical production records: 150,000 cars in Brazilian plants and 41,000 in Argentine plants. The interesting thing about this case is that Argentine GM was brought back to life not to pit its strength against GM of Brazil but to complement the latter.

Of the partners active in Mercosur, Brazil is by far the most aggressive, and not just because of its size. Argentine attorney Luis Maria Trujillo, president of the Argentine-Brazilian Chamber of Commerce, has an explanation for that. "Brazilian businessmen are more accustomed to trading with the rest of the world; they have more experience in that type of market, some technological advantage, and more boldness than the Argentines," he says. There is a revealing piece of information on that subject. In Brazil, 338 firms have already received the ISO 9000, an international certificate measuring the standard of quality in firms and products. In Argentina, only 15 firms have received the ISO 9000.

It is wrong to imagine that only favorable winds are blowing in Mercosur. There is opposition. In Brazil, where the opposition is minor, businessmen complained a few days ago when Minister of Finance Ciro Gomes moved up by three months the date for reducing customs tariffs to their Mercosur levels. The outcry in Argentina is much louder. The Argentine Industrial Union (UIA), which represents 90 percent of local industry, approves of integration but advocates a longer period for introducing a full union among the partners. The UIA says that some industrial sectors in Argentina could not stand up to Brazilian competition. "Except in the case of automobiles, the Brazilians have always practiced dumping in every sector," charges Jorge Gaibisso, president of the UIA's Mercosur Department. "The party that has profited most from Mercosur is Brazil. Industries in Argentina, Uruguay, and Paraguay have been harmed the most."

Argentina's ambassador in Brasilia, Alieto Guadagni, is annoyed when he hears that kind of criticism. "The protectionists will use any argument to hold back progress," he says. Guadagni presents other figures: Argentina's exports to Mercosur have doubled over the past four years. "Mercosur has to be a zone of not just regional but international competence if it expects to attract foreign capital," he says. Carlos Sanchez, secretary of commerce and investments in Argentina's Ministry of Economy, believes that the integration process may harm some sectors, but that in the end, it will be beneficial to all four countries. "Each economy will have

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to increase, decrease, or eliminate the production of some product or other," Sanchez predicts.

Mercosur's trade balance figures show that Brazil has tripled its exports to Argentina and that it has a surplus of $1 billion. It has repeated that performance with Paraguay and Uruguay. Even so, it is rash to say that only the Brazilians have something to gain from this game. Brazil is ahead now because it has a more powerful economy and a more advanced industrial plant. Supporters of integration within the established time period say that even though some sacrifice may occur, Argentina will also win in the medium term as the system of partnerships enables its firms to absorb new technologies and gain access to a market five times larger than its own. "Brazil is a school of modernity," says Ricardo Kesselman, director of strategic planning for Socma [expansion unknown], which, with an annual billing of $4 billion and over 21,000 employees, is one of Argentina's five largest private groups.

Binational executives: Mercosur has caused professionals of a new kind to emerge within company hierarchies. They are the binational executives, fluent in Portuguese and Spanish and living on the air shuttle between Buenos Aires and our country's southern capitals. They are professionals, and they are well paid and much sought after. "Habits here are different, and one must be sensitive enough to pick up on those subtle differences," says Sadia's Sant'Anna. "A deal worth millions of dollars may depend on it." Sant'Anna, 31, moved to Buenos Aires in 1991 with his wife and child. The couple has now had a second child in Argentina. "That was my best binational experience," he says.

Dolph Johnson, an American from Kansas who has lived in Brazil for 25 years, makes an average of 18 trips to Argentina every year. A partner in the firm of Spencer Stuart, which recruits top executives, Johnson has already advised 40 firms in Brazil and Argentina that were interested in joint operations. He began by recommending executives for the YPF [Government Oil Deposits], Argentina's recently privatized state-owned petroleum company. Johnson travels to Buenos Aires so often that he has bought an apartment there. And he speaks fluent Spanish will less of an accent than many of his Brazilian colleagues sailing on the Mercosur boat.

A top Brazilian executive in Argentina earns from $6,000 to $10,000 per month in addition to such special benefits as housing, air travel, an automobile, and in some cases schooling for his children. But many of them lead a lonely life, with no friends from the other side of the border. Rio de Janeiro physician Carlos Eduardo Santiago de Carvalho, 40, executive director of Amil International, moved to Buenos Aires in February. He took his wife, 8-year-old daughter, mother-in-law, and maid with him. But he had to leave a 16-year-old son from his first marriage behind in Rio de Janeiro. "So half of me remained in Brazil," Carlos says. To keep up with the boy's schooling, Carlos asks his son to send his report card by fax every month. "He also calls me on any weekend when the Flamengo soccer team is playing to give me the score."

One of the things helping to relieve homesickness for Brazil is Argentina's efficient cable TV system. It is possible to receive 65 different TV channels, including Globo, Manchete, and Bandeirantes [from Brazil]. The soap opera at 2000 hours comes direct by satellite, but the sports programs broadcast by the Brazilian networks are sometimes purposely blocked because they compete with broadcasts by the Argentine networks. The result during the World Cup was that Brazilian executives preferred to gather at the embassy to watch Brazil play. "I had a fight with the cable TV company this year because they cut off transmission of the Brazil GP [expansion unknown] one minute before the contest began," Sadia's Sant'Anna complains. Those are the subtle aspects of bilateral relations.

Who's Who in Mercosur

Description	Brazil	Argentina	Uruguay	Paraguay
Territory (millions of square km)	8.5	2.8	0.1	0.4
Population (millions of inhabitants)	150	33	3.1	4.6
GDP (billions of dollars)	438	257	11.2	6.5
Income per capita (dollars)	2,900	7,700	3,600	1,400
Monthly inflation (percent)	1.0	0.2	3.1	1.6

Street Separating Two Countries

Integration is nothing new for residents along the border between Brazil and Uruguay. Only a street separates the Rio Grande do Sul town of Santana do Livramento, 500 km from Porto Alegre, from the Uruguayan town of Rivera. There are no barriers. People cross the border to buy a liter of milk, visit a friend, or eat a pizza with all the naturalness of someone going to the corner bakery in any Brazilian town. There are thousands of binational families and merchants who own stores on both sides of the line. Uruguayan pesos and Brazilian reals circulate freely in the wallets of the 200,000 residents of the two

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towns. Rivalry is confined to soccer. All those things in common do not, however, prevent Rivera and Santana do Livramento from experiencing different situations. The effects of the Brazilian economy's constant twists and turns can be seen there. Rivera looks like a First-World town. Santana do Livramento has the appearance of Brazil before the real appeared.

That contrast has grown sharper over the past two months. The dozens of duty-free shops and restaurants in Rivera are jammed with Brazilian tourists made enthusiastic by their strong currency. Sales by the Santa Mar Grocery Store in the Uruguayan town have risen by 50 percent since last July, now that its regular customers have been joined by their Rio Grande do Sul neighbors looking for supplies at more reasonable prices. For its part, Santana do Livramento is suffering from an economic depression that is resulting in bankruptcies and unemployment. The introduction of the real caused its customers to disappear. The difference in taxation between the two countries is also causing distortions. A Brazilian-made shock absorber costs 20 reals in Brazil. Across the border, the same shock absorber goes for $10, the equivalent of 9 reals. The solution adopted by Brazilian merchants is to open stores in Rivera. "We believe in Mercosur, but we have specific problems along the border that are in urgent need of solution," says Oreste Rosa Ilha, president of the Livramento Commercial and Industrial Association. Ilha wants the Brazilian Government to establish a free zone for Brazilian products bought by Uruguayans.

Besides its stores selling duty-free imported items, Rivera also moved ahead to attract businessmen interested in integration when it established an industrial free zone last year. That is a gamble on the future of Mercosur. Because of its proximity to Porto Alegre, Montevideo, and Buenos Aires, Rivera wants to become a production and distribution center in the new bloc. Fourteen tenants are already operating in that zone, among them the Gramado furniture manufacturing company, which sells its furniture to Argentines and Uruguayans, and a small Chilean tennis shoe manufacturing company with its eye on store shelves in the neighboring countries.

Intransigence That Only Confuses Matters

Mercosur is still faced with cultural and bureaucratic hitches that should have already been resolved by the governments concerned. An example: a truck carrying goods from Sao Paulo to Buenos Aires should be able to make the trip in five days with time to spare, but it takes at least twice that long because of bureaucratic intransigence at the customs station between Uruguaiana in Brazil and Paso de los Libres in Argentina. The daily passage of 600 trucks over the International Bridge connecting the territories of the two countries is frequently interrupted by strikes and work-to-rule actions by agents of the Federal Revenue Office. Service is slow and provided grudgingly.

Last month Luiz Alfredo Kohler, manager of the Sao Paulo office of Conarco [expansion unknown], an Argentine electrode manufacturing company, was forced to fly from Sao Paulo to Uruguaiana to get four semitrailers full of his products released. The load had been held at the border for a month. According to the Federal Revenue Office, the documentation was incomplete. "All the paperwork was in order," Kohler complains. "That trouble caused us to lose $100,000." All those problems are repeated on the Argentine side. Brazilian truckers also complain of the corruption and bribery that prevail unchecked on the other side of the border. "We have to set aside at least 20 pesos per trip to bribe the highway police in Argentina," says driver Edivaldo Oliveira Santos, who delivers automobiles from Sao Paulo's ABC [Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul] area to Buenos Aires. "They ask for chocolates and cigarettes and will even take your wristwatch if you let them."

Spy: Brazilian firms with subsidiaries in Argentina also have complaints, but of a different kind. "We have a few deadbeats who don't pay their bills, and we are constantly being spied on by our competitors," says Dickson Esteves Tangerino, president of EAT [expansion unknown] Argentina, a restaurant ticket firm owned by the Amil group. Last January, when he took over the firm, he discovered that there was a spy on his team who was passing information along to a competitor. Alarmed, he fired his entire staff of 35 people. Before an applicant is hired by the EAT today, his or her life is investigated for three months. Tangerino is also coordinator of the so-called Brazil Group, an informal association of 100 Brazilian companies operating in Argentina. Those companies have drawn closer to each other in order to deal more effectively with problems such as these.

There are complaints on the other side as well. Argentine businessmen with businesses in Brazil charge that the Brazilian Foreign Ministry grants them tourist visas instead of work visas. That procedure makes it impossible for them to stay longer in Brazil. Another thorny problem for Mercosur is the pirating of Brazilian brandnames in the other three countries. Ortope, Bombril, Carraro Furniture, and Itau Bank are a few of the dozens of Brazilian brandnames that have already been pirated in our neighboring countries.

Cardoso Urges 'Immediate' Action Against Rio Crime

PY2710185194 Sao Paulo AGENCIA ESTADO in Portuguese 2301 GMT 26 Oct 94

[By special correspondent Martha Salomon]

[FBIS Translated Text] Prague, 26 Oct (AE)—President-elect Fernando Henrique Cardoso, of the Sao Paulo PSDB [Brazilian Social Democracy Party], today said that Rio de Janeiro is experiencing an "undeclared civil war," and advocated the adoption of "dramatic, strong, and immediate" measures to fight organized

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crime. He said the government should not wait for the runoff on 15 November. "The government cannot delay measures for electoral reasons," he said. He added that if President Itamar Franco declares a state of defense, the implementation of this measure can be extended after his inauguration in January.

He said he and president Franco have not talked about the possibility of a military occupation of the city, but reiterated the view that in addition to drug traffickers' action, the Rio de Janeiro police itself is one of the main sources of violence. The president-elect does not believe gangs will react to an eventual military intervention. "If they react, there will be a war," he said.

Despite being 12,000 km away from Brazil, he is keeping an eye on the news about the wave of violence in the city and about the imminent federal intervention. "Something has to be done. Rio de Janeiro is degenerating," he said. Cardoso, who wants to make investments to revitalize the state a priority of his government, confirmed his willingness to temporarily transfer the federal government headquarters from Planalto Palace, in Brasilia, to Itamaraty Palace in downtown Rio de Janeiro. "I still have to consider the security problem, but I may work in Rio de Janeiro," he said.

The president-elect reported that he wants to transform the state into a high-technology production center. This is one of the projects that his advisers are evaluating, along with encouragement of [sentence as received]

"The situation in Rio de Janeiro has deteriorated and cannot remain as it is," Cardoso reiterated. "It is a national problem." Cardoso still recalls what he saw in the Fluminense area during the electoral campaign. "When I went to Caxias, I saw waste water in the open air, emaciated faces, drug addicts, drunk people, unemployed workers," he said. "There was terrible poverty in Sao Goncalo, which looked like Africa."

Among the Brazilian newspaper clippings that he received via fax machines at the hotel where he is staying in Prague, the president-elect's attention was driven to a report that gangs from the Ilha do Governador ghetto had imposed "a curfew" on Rio de Janeiro Federal University students. "That is too much." Since he began his East European vacation, Fernando Henrique Cardoso has followed with concern the news he has received over a 10-day period, including reports on a massacre in Rio de Janeiro and fraud in the elections.

Minister Considers 'State of Defense'

PY2710182594 Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Oct 94 p 16

[Article by Leandro Fortes, Ricardo Miranda, and Sonia Carneiro]

[FBIS Translated Text] Brasilia—Declaring a state of defense in Rio de Janeiro is the main alternative to countering violence in the state suggested by the military commanders who met with Justice Minister Alexandre Dupeyrat on 24 October. According to a military officer, this might be the only possibility of adopting military measures while keeping current Governor Nilo Batista in his post. President Itamar Franco is analyzing the suggestion. At the president's office yesterday evening, Dupeyrat and Civil Household Chief Henrique Hargreaves evaluated the implementation of the suggestion.

The situation of violence described by the commanders was a source of concern to Dupeyrat and to the president. The commanders believe that military support should be urgently extended to the state in order to restore order, especially before the elections. Government officials think that the state of defense, which is provided for by the Constitution, might be welcomed by the population.

A state of defense is considered less harsh than a state of siege or a federal intervention. The military commanders headquartered in Rio de Janeiro believe there is a need that cannot be postponed to adopt constitutional measures to fight organized crime in Rio de Janeiro. The commanders are, however, still waiting for a presidential decision to take action. In the case of a state of defense, Dupeyrat might direct the implementation of measures, sharing command with the military.

The plan to fight organized crime in Rio de Janeiro provides for creation of a staff headed by the Eastern Military Command, which will be responsible for strategic planning, especially as it concerns traffickers. Designed by the Armed Forces' intelligence services, the strategy provides for combined action by the Army; Navy; Air Force; and the federal, civil, and military police. As a ground force with the largest number of troops, the Army will be in charge of planning the operation.

According to an Army Ministry graduate officer, no military personnel will be ordered to shoot at drug-trafficking soldiers. Chief of Staff General Edson Alves Mey, the Eastern Military Command chief, will coordinate the four basic departments (organization, information, operations, and logistics) of his command structure during the virtual intervention in Rio de Janeiro's "liberated zones," which are the hills and neighborhoods under the traffickers' control. Each one of these departments will have representatives of the three branches.

A general close to the federal government explained that the advantage of taking combined action is that one branch compensates for deficiencies of the others. For example, the Navy can assign its marines to support the occupation of the liberated zones. The staff structure also allows each branch to guarantee the flow of supplies and outfits for the operation.

A general of the Armed Forces General Staff (EMFA) on 25 October said that common sense will make the commanders of a possible intervention in Rio de Janeiro avoid confrontations between soldiers in military

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fatigues and the "ragged soldiers" who stand guard at drug trafficking spots in the Rio de Janeiro hills, even if they carry AR-15 rifles.

Beginning the operation, the general said, is not merely a matter of military tactics or strategy. Political consequences, he explained, and the circumstances will both be measured with the same standard. He said that state policemen are in charge of confronting drug-trafficking soldiers, while the military should secure the siege not only on drug barons, but also on the institutional structures that keep drug trafficking alive in Rio de Janeiro.

[Rio de Janeiro JORNAL DO BRASIL in Portuguese on 26 October carries, on page 16, a Brasilia-datelined report on the Rio situation that adds the following: "The Federal Police have already mapped the Rio de Janeiro ghettos in order to design a police action to fight drug trafficking and arms smuggling in the state. Over the past two months, those involved in trafficking and arms smuggling, their contacts, and their modus operandi in the ghettos have been identified with the help of intelligence personnel.

["Implemented by police superintendents who coordinate federal police drug enforcement action, the operation is being carried out with informers who have been specially trained to obtain all necessary information for the arrest of those involved in drug trafficking, and for the seizure of arms and drugs. The mapping of ghettos is the step prior to undertaking action in the hills with military support.

["One of the police superintendents who guided the work explained that this is the only way to obtain concrete results in the fight against the domination of traffickers in the Rio de Janeiro ghettos. 'If we do not know exactly who they are and when, how, and where they operate, everything we do will be nothing but a pyrotechnic exercise,' he said. The details of this work are being kept secret. The federal police did not identify the priority areas that are being mapped, nor the number of agents doing the job.

["The strategy to counter violence in Rio de Janeiro was submitted to Justice Minister Alexandre Dupeyrat. The superintendents explained to the minister that the federal police do not have sufficient personnel to surround ghettos and search for criminals. With the intelligence services following the methods used for identifying international drug trafficking routes, a small number of agents will be able to enter the getthos and arrest those who control drug trafficking and arms smuggling in the state."]

Intention to Move Government to Rio de Janeiro Denied

PY2810021894 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 27 Oct 94

[FBIS Translated Text] President-elect Fernando Henrique Cardoso's press office today released a note denying reports published in some newspapers. In the note, the president-elect states that he never said or considered transferring the government from Brasilia to any other city. The note adds that at no time did the president-elect speak about Rio de Janeiro Governor Nilo Batista or about any other governor while travelling abroad.

Influence of Privatization on Public Finances Viewed

PY2710192394 Sao Paulo AGENCIA ESTADO in Portuguese 1900 GMT 25 Oct 94

[FBIS Translated Text] Sao Paulo, 25 Oct (AE)—Privatization—one of the government's main instruments for balancing public expenses in 1995, has yielded $7.88 billion since the first auction; the Usiminas [Minas Gerais Iron and Steel Company]. Of this, only 13 percent ($1.04 billion) has been paid in cash. Most of it ($1.02 billion) was obtained during the Itamar Franco government. Most of the privatized enterprise payments—34 percent—were made in foreign debt bonds, followed by Siderbras [Brazilian Iron and Steel Company] debentures ($1.44 billion) and Vale do Rio Doce Company [CVRD] certificates ($1.29 billion).

Private and public companies (the CVRD played an important role) have lead the purchasing process. They were followed by financial institutions (29 percent) and pension funds—particularly state pensions (15 percent). Foreign participation is only 5 percent while public participation is just 8 percent. These figures are published in a report by the National Bank for Economic and Social Development (BNDES), which handles the National Privatization Program (PND).

BNDES Program Director Elena Landau said the results show an important difference between the administrations of Fernando Collor and Itamar Franco: "Less was sold, but more was collected in cash," she said. These figures, plus the program to sell state minority holdings which was started this year, are used by Elena Landau and PND Directing Commission President Andre Franco Montoro Filho to refute criticism that the program is stalling. This criticism followed Itamar Franco's decision to suspend the auctions of Copene [Northeastern Petrochemical Company], Salgema [expansion unknown], the Reconcavo Chemical Company, and the Espirito Santo Electric Plants (Escelsa), which were scheduled to take place before the first round of the presidential elections.

Landau, Franco Montoro, and BNDES President Persio Arida maintain that the program has not stalled; on 31 October the government will publish a list of the shares in public companies that the government wants to sell. They are worth nearly 400 million reals, maybe more if prices are good. The money will be deposited at the Emergency Social Fund (FSE). This organization has already received more than $700 million, considerably exceeding the government goal of $900 for the year.

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Landau is very pleased because it contributes directly to fulfill the fiscal goals of the real plan. It is even better "if we look ahead, because it guarantees next year's results," Landau said.

This has given the government the confidence to speculate that the collection of funds from the sale of state companies, the sale of state minority participation in other concerns, what is left over from auctions, and the inclusion of new and competitive state companies in the program will guarantee balanced fiscal accounts. The PND board president, who is also a PSDB [Brazilian Social Democracy Party] economist called by Fernando Henrique Cardoso to work for the government, states that the sale, for instance, of CVRD shares can reduce the liquidity that threatens the real plan due to accelerating consumption and consecutive peaks of the monetary base. Montoro Filho said the Constitution contains nothing to prevent the sale of the state-owned CVRD shares, adding that this was one of the formulas used by Mexico and Chile to achieve stability.

Joint Ventures in Telecommunications Viewed

PY2710170094 Sao Paulo ISTOE in Portuguese 19 Oct 94 pp 38, 39, 40

[FBIS Translated Text] Imagine a large number of international corporations—among them Alcatel, AT&T, Ericsson, NEC, Equitel/Motorola—willing to invest substantial sums of money in Brazilian telecommunications on one hand, and on the other, an increasingly deficit-ridden system, subscribers weighed down by high prices, and low-quality services. And in the middle—causing the bottleneck—is a state monopoly run by Telebras [Brazilian Telecommunications Inc.], which has already said it is unable to make the necessary investments in this area alone. The situation is as frustrating as two people who cannot make a call because the line is busy. Even the Franco administration is aware of this situation and is trying to devise a solution to overcome at least part of the problem. In the next few weeks, it will take a step—which formerly would have been considered unthinkable—toward a form of flexibility within its monopoly. The era of joint ventures is dawning: State-owned Telebras will begin to work in partnership with private companies in an attempt to enhance the number of phone lines and networks. Private companies will finance the venture and provide their know-how in exchange for some sort of compensation from Telebras. This is not the ideal, but it is a beginning. These joint ventures could cover the entire communications system—from conventional to cellular phones, data transmission, satellite communications, anything goes. It is expected that the inflow of financial resources with these joint ventures will total $7 billion by next year. Even Telebras President Adyr Silva concedes that he could not find another option: "Demand has been held to the limit and joint ventures are the best way out."

If to this consideration one adds the government's decision to cut telephone rates for local and long-distance calls as of 1 November to increase the use of this service, the scenario becomes increasingly worrisome. The following is an indication of the imminent collapse of Brazilian telecommunications: Not long ago, Telebras invited those interested in subscribing for a phone to apply for it personally at a Telebras agency by presenting their identity card, their CPF [Individual Taxpayers Register], and other documents. In the first two days, 830,000 Brazilians braced themselves for interminable lines, turning up well before dawn in order to battle through the red tape of registration cards to place their names on the list for a phone. Registration then closed. The number of people requesting a phone well exceeded Telebras' short-term capacity. The most conservative estimates show the operational deficit exceeds 4 million lines—requiring an investment of about $10 billion just to meet immediate needs. With regard to cellular telephones, the picture is not much different—there is a shortfall of 1 million lines, of which 600,000 are in Sao Paulo.

These figures do not include the necessary resources for data transmission systems, satellite communications, fiber optics, and so on . Over past decades, Brazil has been the target of very negative press about its telecommunications system. Phone lines are bad and are down all the time. Both at wholesale and retail levels, phone services are poor, regardless of the system, but particularly the cellular service where there are just not enough lines—well, there are just no lines to be had. The ratio of phones per inhabitant in Brazil is seven per 100 inhabitants against 70 in Sweden and 60 in the United States. Even among its Latin American neighbors, Brazil is resoundingly beaten—Argentina has 13 lines per 100 citizens and Chile has 12, nearly double in both cases. Subscribing for a phone in any part of Brazil can be sheer torture and the black market has flourished, expanding day by day due to the scarcity of lines. The official price of a line is 1,200 reals, but this climbs to 4,800 reals in Sao Paulo. International rates are still among the highest in the world. State-of-the-art technology through fiber optics—the industry standard in many parts of the world—is still in its early experimental stages in Brazil.

In this dismal picture—which is not new but which has worsened of late—the great novelty is how foreign companies are keeping their eyes peeled for ways to make money on the Brazilian market. With their know-how [preceding expression in English], they could improve the quality of the phone service and apply technology to this area. And this is what really counts when one enters the arena where the future of Brazilian telecommunications is being fought. The American AT&T group, for example, from its position of world leader in services and products—from which it makes $63 billion per annum—considers the potential of the Brazilian market second only to the PRC. Although Max Pagan, the systems vice-president for Latin America, would not talk about figures, his expectations of AT&T's market share shows what the company wants: AT&T expects 20 percent of the market share, which would represent

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receipts of more than $1 billion. When the company entered Brazil to participate in a $200-million public bid to supply 720,000 phone lines to Telebras last year, its competitors, which were already established in Brazil, were greatly disturbed. The Swedish company Ericsson, the French Alcatel, the German Siemens, and the Japanese NEC were against the participation of AT&T, which arrived later. Pagan said: "We have reasonable prices the world over and state-of-the-art technology. This causes concern among our rivals." In light of how the Brazilian market grew, AT&T is studying the possibility of establishing a plant here.

This is just one example that there is good disposition, at least on the part of private companies, to correct this lack of resources in Brazilian telecommunications. NEC Brazil Inc., which is controlled by Roberto Marinho's Globo Organizations, has already invested $600 million in cellular phones, which is considered the fastest-growing golden mine in the country. It received applications for nearly 450,000 cellular phones and 1.5 million conventional phones. Gilberto Garbi, the chairman of the company said: "We are doing any amount of business." He estimated that the company could sell more than 2 million phone lines per year as of 1995. This is precisely why NEC was one of the first companies to try to participate in the Telebras joint ventures. Its "most mature" proposal is right now sitting on the desk of the presidency of Telepar, the Parana branch of Telebras. It foresees the installation of 25,000 phone lines as part of a $40-million project, with the costs defrayed by financiers hired by NEC. Moving on, NEC has other projects in mind for Telebras Rio de Janeiro branch, Telerj, and the Sao Paulo branch, Telesp.

In practice, the contracts that will be signed between state telecommunications operators and private companies foresee a number of possibilities that range from the establishment of consortia for major projects to simple partnerships and joint ventures with a sole company in a certain area that needs to be expanded. As Communications Minister Djalma Morais put it: "It is like hiring entrepreneurs." He added: "We are installing between 800,000 and 1 million phones per year and we want, at least, to double that figure." Telebras is unable to meet this without engaging in joint ventures. Investment reductions imposed by the federal government cut Telebras' budget from $4.4 billion to $2.9 billion this year. Silva commented: "This is less than half the needed resources." Just to satisfy loans to Telesp, Telemig, and Telerj—which were facing cash problems—Telebras recently had to disburse more than $320 million.

On the other hand, there are countless private companies which are able to steer the expansion process, or part of it, with ease. Alcatel, whose billing amounts to $20 billion worldwide, expects receipts for $315 million just from the Brazilian market where it has installed more than 800,000 high-tech digital phone lines. Alcatel President Manoel Octavio Pereira Lopes said: "This is an excellent moment for Brazil to improve its telecommunications with the help of private initiative." Alcatel has a very ambitious plan: To secure a 25 percent market share. "We are the top producer in the world and we can bring much technology to Brazil," he added.

What worries a great number of Brazilians is why the country is living in nearly prehistoric times as far as communications is concerned when private investors are knocking at the doors of Telebras, offering their high technology as their visiting-card in an attempt to invest and improve the system. Even the so-called domestic companies have quite enough firepower to run the telecommunications business and enhance subscriber services. Promon Engineering Ltd. operates in several areas, ranging from digital and cellular phones to satellite communications and data transmission. Its executive director, Raul Del Fiol said: "In the cellular phone market we are already catering for Minas Gerais, Goias, Tocantins, and the Federal District." He contends that the portfolio of contracts provides the group with the necessary credentials to lead part of this process. The huge Brazilian Odebrecht company has established a telecommunications division. Its operational outlays this year already total $8 million. Odebrecht Director Mauricio Botelho reported: "We want to supply systems for public networks." There are even candidates for investments in rural telephones: Autel Telecommunications, the only domestic transmissions company totally operated by robots, has 160 products in the area for rural phone communications. All this proves that there are more than enough solutions outside the state-run monopoly.

Chile

Frei Briefs COSENA on Arbitration Ruling

PY2810005294 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 27 Oct 94

[Report by Jose Miguel Alfaro]

[FBIS Translated Text] The National Security Council [COSENA] held a three-hour meeting this morning at Government House to assess the Arbitration Court ruling through which the Laguna del Desierto region was awarded to Argentina. The Cosena meeting was held within the framework of the informative process through which the administration is briefing national sectors on the Arbitration Court ruling.

The Cosena members started to arrive at Government House shortly before 0900 this morning, when the Cosena meeting was scheduled to start. They are, among others, the president of the Senate; the chief justice; the Army, Navy and Air Force commanders; the Carabineros director general; and the national comptroller general.

The meeting was headed by President Frei. The only participants with the authority to vote were the interior, foreign, defense, economy, and finance ministers, in

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addition to the national defense chief of staff, who was appointed secretary of the meeting.

During the session Cosena members were briefed by the Chilean representatives before the Rio de Janeiro Arbitration Court.

[Begin recording] [Vice Admiral Jorge Arancibia, Cosena secretary general] The Cosena expressed its deep regret over the Arbitration Court ruling. Although it disagrees with the ruling it must be complied with, but without harming Chile's irrevocable and legitimate right to exhaust all instances aimed at safeguarding superior national interests within the framework of the spirit and letter of the 1984 Peace and Friendship Treaty. [end recording]

This position was taken in view of Chile's traditional upholding of its international commitments and the objective of achieving a definitive solution to the various border disputes with Argentina, which include the still pending Continental Glaciers case.

At the end of the meeting the Cosena members reacted cautiously. Reporter Fidel Oyarzun was there to interview them.

[Begin recording] [Oyarzun] This the first time the Cosena has met during the Frei administration. At the end of the meeting its members left the La Moneda Government House in much haste. While General Augusto Pinochet used the underground exit, other members left through the Cannons Yard exit.

[Unidentified reporter] What is your assessment of the Armed Forces' reactions after the explanations given...

[Senate President Gabriel Valdes, interrupting] Very positive. Very positive, very constructive, and very understanding of the situation, with full support for the president.

[Chief Justice Marcos Aburto Ochoa] Naturally, none of us agree with the Arbitration Court ruling...

[Reporter, interrupting] As a Supreme Court member...

[Aburto, interrupting] Particularly as a Supreme Court member, because all Arbitration Court rulings should always take into consideration principles of equity, and these were completely overlooked in this ruling. There is no doubt about this.

[Reporter] As a Supreme Court member, do you believe this ruling can be revised, or that Chile can challenge it?

[Aburto] This is precisely what is being studied at this time.

[Reporter] Sir, do you believe the president acted hastily in announcing Chile's compliance with the ruling?

[Aburto] No, not at all. No one can say it was a hasty decision. All of us agree that we must comply with the ruling. [end recording]

Before the Cosena meeting, the Frei administration also briefed members of political parties, the Chamber of Deputies, the Senate, and the International Policy Advisory Committee on the Arbitration Court ruling.

Colombia

U.S. Tuna Embargo Reportedly Violates International Law

PA2710202094 Santa Fe de Bogota EL TIEMPO in Spanish 26 Oct 94 pp 1B, 6B

[Report by Jaime Cristancho Gomez]

[FBIS Translated Text] The United States has poked Colombia again, and not with a rose thorn. This time it is a tuna bone. The country's tuna fishing fleet has run aground and will not be allowed to fish in its own waters.

This is stated in the U.S. tuna embargo imposed last month. It was not until last week that we learned of the ban on fishing within territorial waters. Colombia protested the measure during a meeting in La Jolla (California).

The embargo on yellowfin tuna came about because Colombia and other countries have not yet adopted provisions into their laws addressing the prohibition on fishing in high-water areas where dolphin swim, within specific geographic coordinates.

Dolphin, which are usually found near schools of tuna, die when they are caught in the nets. Their presence tells fishermen where yellowfin tuna are.

Due to this danger, the dolphin are protected by international laws that describe how to fish for tuna without affecting these mammals. According to the United States, Colombia does not comply with the requirements, despite having signed international agreements on the matter.

The geographical coordinates within which treaties must be observed include the Colombian pacific coast.

The coordinates cover from latitude 40 degrees north to latitude 5 degrees north and from longitude 120 degrees west to the coast of Central and South America.

As a result of the embargo, the United States would not receive any tuna from Colombia because Colombia has not adapted its legislation to meet the new standards on dolphin protection, which supposedly means it is not in compliance.

The Colombian delegation at La Jolla said the following: "With this prohibition, the United States is regulating yellowfin tuna fishing along the coastal regions within Colombia's exclusive economic area and its territorial waters. This is in conflict with international laws governing the sovereignty of coastal states."

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Colombia pointed out in its statement that it signed the 1992 La Jolla agreement, as did the United States, to reduce the mortality of dolphin associated with fishing for yellowfin tuna in the eastern Pacific Ocean, and that the country has in fact followed the procedures to reduce such incidental deaths.

The statement also recalls that the International Tuna Fishing Commission, following inspections carried out aboard fishing boats, certified that Colombia has substantially reduced the number of dolphin deaths. The Colombian delegation at La Jolla said Colombia has far surpassed the standard as the number of dolphin dying in their nets dropped to only 3,609.

The statement adds that "the Commission recognizes those countries that have complied with the agreement, particularly Colombia."

Dolphins or Pretext

Several sources told EL TIEMPO that the tuna embargo could have resulted from the negative atmosphere toward Colombia in the United States.

The first reason could be that toward the end of last April, the United States suspended its first tuna embargo, which had lasted about two years. The Ministry of Foreign Trade and the National Institute of Fishing and Aquaculture (INPA) demonstrated that Colombia was complying with the dolphin protection measures.

Second, the current embargo is a unilateral move by the United States, because the Marine Mammal Protection Act it is applying against Colombia has been rejected twice by GATT. That means, the sources explained, that they are using what appears to be an environmental measure to impose trade restrictions.

Third, Foreign Trade Minister Daniel Mazuera Gomez recently stated that "Colombia is not at this time exporting yellowfin tuna to the United States, much less violating the agreements signed to protect dolphin from tuna fishing."

If Colombia is not exporting tuna, why should there be another embargo?

FARC Blames Government for Delay in Peace Talks

PA2710193194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 25 Oct 94

[From the "National Newscast"]

[FBIS Translated Text] For the first time during this administration the FARC [Revolutionary Armed Forces of Colombia] have spoken clearly and, as usual, harshly. They blame the Samper administration for not taking firm and practical steps toward peace with the guerrilla group.

The FARC communique states: First, to date it has been impossible to get a definite answer from the Colombian Government regarding the guarantees the FARC demands to establish a peace process which they assure would lead to a peace treaty.

Second, it states that while President Ernesto Samper and the high commissioner for peace talk about contacts and negotiations with the guerrilla forces, large-scale military operations are under way to annihilate the FARC High Command.

Third, the FARC insists in its communique that the international community should demand practical definitions from President Samper regarding his peace policy to prevent further bloodshed in Colombia.

This communique was issued, according to the FARC, as a result of the Colombian Government's failure to answer their first letter, dated 18 August, in which the FARC expressed their political will and disposition to renew the talks and the need for guarantees for their mobilization during the negotiations which, according to the FARC, should be public.

It is worth noting that the communique was released known in Mexico and that it is signed by the FARC representative in that country, which indicates that from the beginning the FARC has wanted to conduct the peace negotiations at an international level seeking that international and human rights organizations exert pressure on Ernesto Samper's government.

Sandra Vergara interviews Interior Minister Horacio Serpa Uribe regarding the FARC communique issued in Mexico:

[Begin recording] [Serpa] Above all the high commissioner for peace, who is handling all these issues, has made it clear that the government is interested in an eventual negotiation process in which the possibility of meaningful talks has to be examined, and in which certain circumstances have to be overcome to bring peace to this country. He is moving forward on these, but he is moving forward cautiously, discretely, seriously and responsibly. I am glad that the insurgents have shown their concern regarding these issues.

[Vergara] The FARC talks about practical definitions. They believe the government is becoming confused and has not reached any specific peace proposal.

[Serpa] No, the government is not confused. The government is very clear and it is moving forward slowly, but surely.

[Vergara] Do you agree that the negotiations should be internationalized?

[Serpa] I believe that the fewer comments made, the less dimensions given this issue, the greater discretion exercised, the better it is. [end recording]

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Defense Minister on FARC Communique

PA2710193394 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Oct 94

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] After a FARC [Revolutionary Armed Forces of Colombia] attack in Choco Department, it was reported that the guerrilla organization, through a communique released in Mexico, has asked the army to stop attacking FARC's camps. Defense Minister Fernando Botero replied to this communique during a ceremony to deliver five helicopters to the Police Search Blocs. Botero said that, although the guerrillas have asked for a cease-fire from outside the country, the operations against them will continue relentlessly.

[Begin Botero recording] We want the president of the republic to define the peace policy. We in the Defense Ministry have received instructions and plans to continue normal operations against subversives and drug traffickers, and we are working on them. [end recording]

While FARC releases comuniques abroad virtually asking for a cease-fire, two FARC fronts ambushed two police patrols in Choco and Magdalena.

[Begin Botero recording] Guerrillas were active in Choco and Magdalena today. We have issued instructions to prevent any attacks or ambushes on towns. [end recording]

Meanwhile, according to the police commander, the presence of a group of terrorists who intend to sabotage next Sunday's municipal elections has been reported in Santa Fe de Bogota.

Paraguay

President, Foreign Minister Return From Spain

PY2710201994 Asuncion Red Nacional de Television in Spanish 1500 GMT 27 Oct 94

[FBIS Translated Text] President Juan Carlos Wasmosy arrived back in the country from Madrid, Spain this morning. Journalists are expected to see the president and have a news conference with him at the airport.

Wasmosy came on a private flight and did not talk to the media about his activities in Spain. Foreign Minister Luis Maria Ramirez Boettner only made a few remarks.

President Juan Carlos Wasmosy arrived at noon today after spending a few days in Spain where he had important meetings. He was accompanied by a small entourage.

[Begin recording] [Ramirez Boettner] We contacted the most important Spanish businessmen, that is the positive note of the visit. Things will gradually begin to happen in the future.

[Unidentified reporter] Did you receive any commitments to invest in the country?

[Ramirez Boettner] Yes. We have commitments.

[Reporter] When will they start coming?

[Ramirez Boettner] The first group will arrive on the fourth [month not specified].

[Reporter] Have you defined any specific projects for investments?

[Ramirez Boettner] We have identified many projects. We will explain them with much more detail later on.

[Reporter] Could you say anything in advance about them?

[Ramirez Boettner] Not at this time. We have just arrived. [reporters simultaneously ask several indistinct questions] Do not push, please.

[Reporter] The president has said that very little was known about Paraguay in Spain, is that true?

[Ramirez Boettner] That is true. Paraguay has an extremely low profile throughout Europe. Our country is totally unknown in Europe.

[Reporter] What is the problem, minister? Is it a diplomatic problem?

[Ramirez Boettner] Of course, we lived through a very long period of obscurity in Paraguay. You know that well. We are now trying to make the country known by launching diplomatic offensives like this one. We want the world to know our country's investment possibilities, particularly because of the country's positive aspects, its electric energy, and all the advantages provided by Mercosur [Common Market of the South].

[Reporter] What aspects did you stress about our country?

[Ramirez Boettner] We are showing all the positive aspects, beginning with our people. Our people are very positive, we have electric energy, we have a territory that produces very good harvests, we have the possibility of a broadened market of 200 million people within Mercosur. Those are the positive items.

[Reporter] But the president has also pointed out that the country is known because of contraband...

[Ramirez Boettner] On the contrary. What is known is that we are fighting contraband face on. That is what the president indicated.

[Reporter] What about our country's bad image, as mentioned by the Spanish press?

[Ramirez Boettner] On the contrary. We have shown that we are working hard to put an end to such scourges as contraband and drug trafficking. No country is free

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from these scourges. Spain has drug transit and consumption problems as well. Here we do not have a consumption problem. We have a transit problem, and the transit involves mostly foreigners. [end recording]

Interior Minister Interviewed on Drugs, Politics

PY2810000894 Asuncion Radio Nanduti in Spanish 0730 GMT 27 Oct 94

[Interview with Interior Minister Carlos Podesta by anchorman Humberto Rubin on the "Tiempo 14" program in the Radio Nanduti studio in Asuncion—live]

[FBIS Translated Excerpt] [Rubin, in progress] ...Guillermo Caballero Vargas [National Encounter leader] discussed the drug trafficking issue in harsh terms. He mentioned various testimonies on the situation prevailing in Paraguay. Minister, is the situation of drug traffickers in Paraguay as serious as Caballero Vargas says?

[Podesta] Yes, it is serious, Humberto. And in my opinion the episode that I will tell you about now is the most serious of all.

The DEA has been working in Paraguay for about 10 years, cooperating with our national authorities and even supplying high-tech information to which we are unable to gain access.

During these 10 years, however, a Paraguayan has never been incriminated with playing an important role in drug trafficking.

Obviously our country is being used as a corridor. Thus far there is no evidence of any kind, with any degree of reliability, involving responsible people, prominent or notable people in our country.

I have been expressing this concern at various levels since I began to work in the Interior Ministry. I remember that I quite often told—and I do not believe he would deny this—former U.S. Ambassador Jon Glassman that if they were doing this job, if they were professionals, they had every possibility of finding out, from an AWACS flying at an altitude of 35,000 meters—pardon, at 35,000 or 40,000 feet—with our conversation in a closed room.

How is it possible that with their silence they are not helping us to indict these people? And the response that I have always received, Humberto, is the following: There are no prominent Paraguayans involved in drug trafficking. There actually is complicity by people who have information and are not supplying it. There are people who probably have information that a suspicious airplane landed at a given airstrip, and do not report it. Why are they not reporting it? Because they receive some benefit in exchange, or simply because they are not interested in the struggle against drugs? This is the response I have always received.

Therefore, when Dr. Caballero Vargas or any other politician reports the fierce influence of this business, involving $400 billion per year throughout the entire world, they are right in reporting it. We, however, can also report it. As long as a person is not named, we have nothing. We are living in a circle full of suspicions, but without anything tangible.

[Rubin] No, of course. You are right. I have personally talked with the U.S. Embassy. I have sent a letter, Carlos, a letter by fax, with the letterhead Radio Nanduti-Tiempo 14, asking the U.S. Embassy, for example, to tell me what [former President] Andres Rodriguez is.

As a Paraguayan reporter, I am demanding... [changes thought] Maybe I have to tell him: Rodriguez, I beg your pardon for all the things that are being said, or Rodriguez, go to jail, next to [former Panamanian dictator Manuel] Noriega. Sit him... [changes thought] Well, now, I cannot achieve this.

[Podesta] Well, now, concerning the Rodriguez issue, for example, I can tell you, Humberto, that I have personally investigated the Rodriguez case, and I received a response from absolutely reliable sources, not only from organizations and people who were involved in the struggle against drug trafficking in our country at that time, but from abroad. There actually is a very reliable report on the leasing of an airstrip that allegedly was owned by General Rodriguez, or allegedly was under the control of Gen. Rodriguez, an airstrip where electronic products and possibly drugs were unloaded in the 1960's, but without Rodriguez's direct involvement in this issue. In addition to all this, they were never able to explain anything to me. Never.

[Rubin] About whom are you talking? Are you talking about the embassy?

[Podesta] I am talking about drug officials from various countries. [passage omitted]

Law on Political Membership for Military Annulled

PY2710225894 Asuncion ABC COLOR in Spanish 21 Oct 94 p 25

[FBIS Translated Excerpt] The Supreme Court of Justice yesterday supported, through Agreement and Judgment No. 366, the actions of unconstitutionality filed by military and police officers on active duty against Law No. 261/94 which stripped them of their political membership.

The Supreme Court's judgment says: "Law No. 261.94 is evidently unconstitutional." The Supreme Court was made up of Judge Angel R. Campos Vargas, a Court of Claims member; Judge Carlos Gonzalez Alfonzo, a Court of Civil and Commercial Appeals member; Judge Luis Maria Vega, a Court of Civil and Commercial Appeals member; Judge Julio Fernando Samaniego, a

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Court of Civil and Commercial Appeals member; and Judge Raul Torres Kirmser, a Court of Civil and Commercial Appeals member.

These judges heard the case after the Supreme Court's regular members, who withdrew from the case for reasons of propriety .

According to the case portfolio, military and police officers filed with the Supreme Court of Justice various actions of unconstitutionality against Law No. 261/94 that stripped them of their political membership. As an emergency measure, the Supreme Court suspended the effectiveness of the law and the case was scheduled for investigation by the Supreme Court members, who later withdrew from the case.

Afterwards various proceedings were carried out and, after collecting information on the records supporting Law No. 261/94, a new court was formed with the aforementioned judges, who yesterday afternoon announced the contents of Agreement and Judgment No. 366.

In its judgment, the Supreme Court says the law stripping military and police officers on active duty from their political membership violates the their political rights, as well as constitutional principles banning the laws from having retroactive effect. [passage omitted]

Peru

Poll Shows 46 Percent Support for Fujimori

PY2710205394

[FBIS Editorial Report] Lima LA REPUBLICA in Spanish on 17 October publishes on page 8 an approximately 450-word unattributed report on the results of a poll conducted by the Apoyo polling enterprise in the Lima metropolitan region. Of the 504 people questioned during the second poll since the 1995 presidential election tickets were disclosed, 46 percent answered that if the elections were today they would vote in the first round for Alberto Fujimori, 29 percent would vote for Javier Perez de Cuellar, 3 percent for Ricardo Belmont and Mercedes Cabanillas, 2 percent for Lourdes Flores Nano, Susana Higuchi, Alejandro Toledo, and Raul Diez Canseco, 1 percent for Alfonso Barrantes Lingan and Luis Caceres Velasques, 1 percent for other candidates, 2 percent for none of the candidates, and 6 percent did not answer. When asked for whom they would vote if there were a runoff, 51 percent said for Fujimori, 39 percent for Perez de Cuellar, 7 percent said they would vote blank, and 3 percent did not answer. Yesterday LA REPUBLICA published the results of the first poll conducted by the Imase enterprise, which showed that 45.6 percent favor Fujimori, 26.1 percent Perez de Cuellar, and 3.4 percent Lourdes Flores Nano.

Candidate Perez de Cuellar Interviewed

PY2710200694 Lima LA REPUBLICA in Spanish 18 Oct 94 p 4

["Exclusive" interview with presidential candidate Javier Perez de Cuellar during his visit to Cajamarca by LA REPUBLICA correspondent to Cajamarca Edgar Jara Rodriguez—date not given]

[FBIS Translated Text] [Jara Rodriguez] What is your opinion of the candidates for the presidency of the Republic?

[Perez de Cuellar] In principle, everyone has the right to aspire to the presidency of the Republic. They are citizens, and although I do not know if they meet the requirements of the electoral law, there is no reason to object to their participation. This is from the technical and legal point of view.

[Jara Rodriguez] How do you see it from the political standpoint?

[Perez de Cuellar] If all those candidates consider themselves in opposition to the current government, then the proliferation will not help. Votes will be dispersed and the opposition force may be reduced and this will give the government, in the shape of candidate Fujimori, the pretext to say: Look, the opposition is dispersed, while my side has a united front. He might use that argument to improve his position.

The ideal thing, from my point of view, would be a front opposed to Fujimori's continuation.

[Jara Rodriguez] Then why did you not seek—at the start of your candidacy—contacts with political parties?

[Perez de Cuellar] I have never asked anything from political parties. There were some contacts for personal friendly reasons, and because of the trips I have made, but I have never negotiated with any political party in the sense of asking them not to present electoral lists or candidates; I have never negotiated with them at all. They should have taken the initiative because I was considered at that time the strongest opposition candidate.

[Jara Rodriguez] Why lumber them with that responsibility?

[Perez de Cuellar] I believe they will give the government the lead. I repeat; amid the chaos of many parties and groups, there will be one single group—the group that backs the continuation of the current regime.

[Jara Rodriguez] During your trips through the interior, you sounded out the acceptance of your candidacy. Now that the campaign is underway, will you change your style?

[Perez de Cuellar] Of course. I was listening to Peru then, not a presidential candidate. Now I am, and obviously I have to change the tone of my campaign speeches.

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[Jara Rodriguez] Is this a warning to the government?

[Perez de Cuellar] It is not a warning to the government. Candidate Fujimori will conduct his campaign and I will conduct mine, each in his own way. I want to say right now that I will always try to maintain a high level during the campaign. It will not be full of offenses, insults, or unfounded accusations. I hope Peru will show signs of civility through an honest and honorable campaign.

[Jara Rodriguez] It would seem this electoral campaign has only a few subjects to discuss or criticize. Pacification, for example. Fujimori has full control of it. It is said he will produce Feliciano [Shining Path leader Oscar Ramirez Durand] one of these days. What about that?

[Perez de Cuellar] I believe every move toward pacification is being done well. If they are going to produce Feliciano, it means they have been keeping him in a cage to show him off at a later date, that they are going to set up a great show. It would be a coincidence (he says scornfully) if, following the announcement of my candidacy, Feliciano is produced. I would find it very curious, wouldn't you?

If I were elected president, I would continue the pacification process with equal or more energy than now. If another leader is captured, they should be congratulated.

We would take criminal action with a sense of justice so that innocent people are not condemned.

[Jara Rodriguez] Are the candidates participating under unequal conditions in this electoral dispute?

[Perez de Cuellar] This has been known from the very beginning. We have a candidate-president or a president-candidate, or whatever you want to call him. I hope there is sufficient morality in the government to guarantee the best equality possible among candidates.

[Jara Rodriguez] Is there some fear that the government will not play clean in this game?

[Perez de Cuellar] Some fear this. Everyone has the right to their fears, they say.

[Jara Rodriguez] How do you intend to implement the structural reforms in your government?

[Perez de Cuellar] We will choose a group to handle the government plan. It will study all structural problems that we believe deserve serious analysis.

[Jara Rodriguez] Who will make up that group?

[Perez de Cuellar] Those who have something to contribute will participate, plus of course those who want to help me as their candidate.

[Jara Rodriguez] Can you give us some names?

[Perez de Cuellar] The coordinator of that group will be Roger Guerra Garcia, and we will have other experts in different areas. For instance, Dr. Estrada will handle everything to do with decentralization and Dr. Moreyra will handle economic matters. [experts not further identified]

[Jara Rodriguez] And the war against unemployment?

[Perez de Cuellar] I already have someone in mind—although I do not know if he will accept—to exclusively handle employment.

[Jara Rodriguez] What basic reforms will be made?

[Perez de Cuellar] Institutional reforms. To achieve this we will have a team of constitution experts. Of course I will attend all those meetings, time permitting, to ensure that the main ideas are contemplated and considered, like the case of decentralization of the judicial branch; which must be studied very carefully.

[Jara Rodriguez] You are now in an eminently agricultural areas (Cajamarca). What will happen within agriculture?

[Perez de Cuellar] Essentially, how to give cheap credits to agriculture, how to make it prosper and to increase the added value.

[Jara Rodriguez] Will the development banks return?

[Perez de Cuellar] We must find a way to encourage not only the development banks.

[Jara Rodriguez] Perhaps the rural funds?

[Perez de Cuellar] Everything must be studied. I do not say that everything the previous government did must be rejected. On the contrary, we must give continuity to all the good things of this government. We must find an imaginative way to grant credits to agriculture, to small mines, and to small industries.

[Jara Rodriguez] Are privatizations being carried out on a "war footing?"

[Perez de Cuellar] I would like to know the rules of these privatizations. Public opinion is not sufficiently informed.

Moreover, what has happened to the money obtained from the privatizations? We have the right to know. Where is the money obtained from Petroperu [State Petroleum Agency], or from the Peruvian Telephone Company which yielded su[illegible] a fabulous amount? Well, I imagine it is safely kept, but where will that money be invested? It should be earning interests. It is said that Peru has $5 billion in reserves. We will see. I do not know the details very well, but my experts will be controlling that matter. I think it is important to learn about the privatizations procedures and inform the country. It is very simple. What will be done with that money from now to July? What benefits is it earning? People want to know why a country with so many poor people cannot solve some immediate problems. I do not want to answer that question because the government must answer it.

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[Jara Rodriguez] You have received almost every decoration. Are you not afraid to tarnish them with defeat in the next elections? When did you decide to join the political game?

[Perez de Cuellar] I joined this game because I am convinced that the current government must be changed to strengthen what has been done, but above all to restore an authentic democracy. Allow me to reverse the order: First, to restore absolute and full democracy in the country, and second to consolidate and improve what has been done in the economic and pacification areas. In the economic area, I will place more emphasis on social problems and on taking care of the needs of our people, those who have suffered from the shock experienced in 1990. Concerning pacification, I will continue it through justice, with a guarantee, not just for the victims, but for the criminals as well.

[Jara Rodriguez] Do you remember the term "illustrious spectator" with which President Fujimori labeled you, meaning that while Peru was facing multiple problems, you "already had a well-laid table?"

[Perez de Cuellar] I was not a spectator, I helped him solve those problems. Had I been only an observer, I would have not paid any attention to him when he went to New York as a simple president-elect, to ask for ways to solve the economic problems. As you know, I immediately organized a meeting which launched the measures he adopted. I asked him at that time to adopt fair measures to compensate and reduce the negative effect that his very strict measures would have on the vast majority.

Moreover, he (Fujimori) would have left a table half served, because a well-served table would mean all the problems of Peru were solved, but we have 12 million men, women, and children who are hungry. Is that a well-laid table? Come on!

[Jara Rodriguez] You have said during this interview that the change in your strategy in the middle of the electoral dispute will include dialogue with political parties.

[Perez de Cuellar] I do not think it will be necessary, for the time being at least, to talk with the political parties because each one is waging his own campaign. The only dialogue with them would be to discuss indications that the elections will not be honest.

[Jara Rodriguez] Is this equality of conditions you demand a request to the president to compete on equal terms? Do you feel like David in these elections?

[Perez de Cuellar] No. No. There are many Davids, and it is not necessary for the president to compete on equal terms because the law does not demand it. It only demands that he be fully impartial and not take advantage of his role as president of the Republic during his re-election campaign.

[Jara Rodriguez] Is Mr. Perez de Cuellar today different from two months ago?

[Perez de Cuellar] Different in the sense that he knows more about the problems of Peru.

[Jara Rodriguez] What do you think of the endless expressions of support to retired General Nicolas Hermoza by President Fujimori?

[Perez de Cuellar] That matter concerns the president. It is not my problem.

[Jara Rodriguez] And the presence of women in the forthcoming elections?

[Perez de Cuellar] I find it very healthy. Remember, I said I will place a woman on the presidential ticket and I have done so. Everyone has the right to be a candidate for the presidency of the Republic, provided that they are old enough...including you.

Economic Notes From Media

95SM0029A Lima Resumen Semanal Press Review in Spanish 20 Oct 94 p 1

[From DESCO Database; received via Internet]

[FBIS Translated Excerpt] [Passage omitted]

Privatization and National Security

Army General Victor Malca, the minister of defense, has urged the inclusion of representatives of the Joint Command of the Armed Forces (FFAA) in the process of privatizing the public enterprises that, because of their importance, might have some effect on the security of the country, as might be the case with the PETROPERU [State Petroleum Agency]. The involvement of a representative of this sector, he said, would make it possible for the FFAA to express an opinion on the sale of a given enterprise, "but exclusively from the security point of view, and excluding assessments of a political nature." The head of the defense sector made these statements during his response to the Budget Commission of the Congress following a question about the views of the military branches concerning the privatization of the PETROPERU. (EL COMERCIO, EXPRESO 13 Oct 94)

Privatization of PETROPERU

The majority of the voters in Lima and Callao believe that the PETROPERU, a state enterprise, should not be privatized, and that the proper economic model would be one designed to create jobs, even at the cost of increasing prices.

According to a survey made by DATUM between 28 and 30 September, 54.5 percent of the people believe that the PETROPERU should not be privatized under this government, while 15.8 percent believe it should be sold under the next administration, and the balance either do not know or expressed no opinion. (GESTION 14 Oct 94)

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"Unacceptable Economic Dependence"

The weekly periodical OIGA (No. 713, 17 Oct 94) said that "the strategic text for reelection is continuing to undergo changes. To the new terrorist attack that left the capital without electricity two weeks ago have been added the scandal represented by confirmation of the flight of Carlos Manrique and his wife to the United States, as well as the unexpected statement by the minister of defense to the effect that representatives of the Armed Forces should be included in the privatization committees. Specifically, what Minister Victor Malca said to the Budget Committee of the CCD [Democratic Constituent Congress] was that representatives of the Joint Command of the FFAA should be included in the CEPRI [Special Committee for Privatization] for those enterprises that, because of their importance, might have some effect on national security. He made specific mention of the PETROPERU case. After the scandal created in official circles when Javier Perez de Cuellar (JPC) called for the suspension of the process of privatizing the state oil enterprise, spokesmen for the government itself began to warn of the disproportion between certain foreign investments and the domestic ones leading to an unacceptable situation of economic dependence. The oil issue seems to have touched a national nerve in some military cadres, who are believed to have put pressure on Minster Malca to issue the warning mentioned. Given this scenario, it is obvious that those responsible for the demagogy about the PETROPERU were not those appealing for reflection on its modus operandi, but rather those who had heedlessly proceeded to set a deadline for its sale."

National Strike

In a joint effort to make their protest against the privatization of their places of employment heard, the oil, electrical, and port workers in the country struck for 48 hours, nationwide, on 17 and 18 October. Carlos Priale, the secretary general of the National Federation of Workers at the National Port Enterprise, said that the workers felt compelled to utilize this forceful measure because of the government's insistence on privatizing all of the public enterprises, without taking into account the fact that a number of them are profitable. On the other hand, more than 20,000 oil workers throughout the country left their labor posts to emphasize their demand that President Alberto Fujimori suspend the announced privatization of the PETROPERU, and also to demonstrate their support of the mobilization undertaken by the regions in defense of the oil royalties. (LA REPUBLICA 17 Oct 94)

Regional Mobilization

On 16 October, the Patriotic Civic Caravan for the Defense of the Oil Royalties arrived in Lima. Its officers are urging the Congress to suspend the application of Article 771 of the Constitution and to continue to pay the regions what is due them beginning on 11 January 1995. The leaders of the Commission will be received by the Constitutional Commission headed by Carlos Torres y Torres Lara. The convoy of vehicles traveled 1,030 kilometers in 30 hours, since in Chiclayo, Trujillo, Chimbote, and Huacho, the caravan halted to accept the support of the mayors and residents of these cities. (LA REPUBLICA 17 Oct 94)

The following day, Carlos Torres y Torres Lara, the president of the Constitutional Commission of the Congress, promised the representatives from the Grau, Loreto, and Ucayali regions that the portion of Article 77 of the 1993 Constitution pertaining to royalties will be expanded. He also said that a law guaranteeing that these regional governments will receive a minimum of income equivalent to at least what they are currently receiving in this connection will be approved. This promise was announced after the meeting with the mayors in the Grau, Loreto, and Ucayali regions and the representatives of the PETROPERU workers. Just moments before the meeting with the congressmen, the mayors and the PETROPERU, ENAPU [National Ports Enterprises], CGTP [General Confederation of Peruvian Workers], and electrical enterprise employees participated in a patriotic civic march along Abancay Avenue, demanding amendment of the royalties allocations and protesting the privatization of the public enterprises. (Most dailies 18 Oct 94) [passage omitted]

Peru Privatization Fund

On 11 October, the Peru Privatization Fund began functioning. Its goal is to reverse the Peruvian debt in order to achieve long-term capital gains. The Fund will invest mainly in the Peruvian privatization program. It has been confirmed that one of its first financial operations will be undertaken with the new owners of the Tintaya Special Mining Enterprise, S.A., the North American consortium made up of the Magma Copper Company and Global Magna, Ltd. that was awarded the bid following the international public competition. (EL COMERCIO 12 Oct 94)

Business and Privatization

Arturo Woodman, the president of the CONFIEP [National Confederation of Private Business], has asked the government to delay the privatization schedule until the Program for Business Participation in Privatization goes into effect. This appeal was set forth in a letter Woodman sent to Daniel Hokama, the president of the COPRI [Commission for Promotion of Private Investment], on 11 October. The program in question has not yet been put into effect, and according to Woodman, as a result of the announcement that a fund is being established as a part of the program, domestic businessmen have shown interest in participating in some bids for which the dates have already been set. The basis of the concern of the CONFIEP is said to be the fact that the COPRI has scheduled 14 bidding processes for the period between now and December in which the call for bids or the registration of bidders has either begun or is

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imminent. As a result, the business participation program could not be utilized in these instances. (GESTION 13 Oct 94)

According to Arturo Woodman, the president of the CONFIEP, the privatization process should continue with no delays whatsoever. However, he said, it is of the greatest importance in the present situation that approval be obtained for an investment fund for privatization so as to allow the private sector to obtain financial support and to play a more active role in the privatization process. "The CONFIEP does not by any means want the process of privatization to suffer a delay, as has been mistakenly believed. The reports have been distorted," Woodman said. In the opinion of the president of the CONFIEP, Peruvian business is at a disadvantage, as compared with foreign companies. This is because the privatization program came along at a time when Peruvian businesses were short of capital because of the economic crisis that has prevailed. (EL COMERCIO 18 Oct 94) [passage omitted]

Tax Exemption

On 12 October, Minister of Agriculture Absalon Vasquez demanded the immediate promulgation of a law exempting producers with fewer than 10 hectares from payment of the General Sales Tax (IGV). Vasquez made it clear that the Single Simplified Regime is not applicable to agriculture, much less to the small farmers. The collection of the IGV, he explained, has become an additional burden imposed on the producers to the benefit of the merchants. He noted that both President Fujimori and Jaime Yoshiyama, the president of the Congress, have told him that a change in this measure would be desirable "because it is doing the producers serious harm." (LA REPUBLICA 13 Oct 94)

Social Development Fund

Between November of 1991 and August of 1994, the FONCODES [National Compensation and Social Development Fund] approved 11,800 social support projects involving a total of more than $418 million. This statement was made by Manuel Vara Ochoa, the executive director of that body. He explained that of the 11,800 projects approved by the FONCODES, 8,104 were submitted by executive units (68.7 percent). The funds allocated for these projects came to more than $285 million (68 percent of all of the institution's financing). The FONCODES is publishing a map showing the amount of the investment allocated to each department. (Most dailies 18 Oct 94) [passage omitted]

Jobs Generation

According to reports, a total of 462,585 new jobs were created between January and August of this year. This figure is based on the information provided by the various public bodies that participated in the Third Meeting of the National Statistics and Employment Commission, which is headed by Minister of Labor Augusto Antoniolli. According to the survey made by the INEI [National Institute of Statistics and Information Science], the new jobs were mainly created by the FONCODES (29 percent) and the INADE [National Development Institute] (20 percent), which have carried out projects in the areas of social assistance and infrastructure, as well as in major development projects such as those in Chira-Piura, Olmos, Tinajones, and Chavimochic, among others. A contribution to the creation of jobs has also been made by the SEDAPAL [National Potable Water and Sewage Service] (with 10,158 jobs per month), the PRONAA (8,629), the INFES (4,163), CORDE-CALLAO (3,582), and the FONAVI [National Housing Fund] (1,634). The minister of labor said that this development is doubtless a reflection of the improvement in the employment indices within the context of the economic recovery. Even so, the high rate of underemployment in our country will continue to be a serious problem that needs to be dealt with in the short run. Labor leader Luis Aparicio Valdez commented that "the new jobs, which according to Minister of Labor and Social Promotion Augusto Antoniolli came to more than 465,000 in the period between January and August of this year alone, were created in sectors where short-term hiring is the rule. (Most dailies 14 Oct 94) [passage omitted]

Health, Education Workers Demand More Pay

On 17 October, the workers in the national health and education sectors rejected the increases approved by the government. The leaders in these two state sectors stated jointly that this is not an increase, but "a laughable bonus," and what they want is a general increase of 900 new soles. "Our response to this government insult will be to take forceful measures," they said. In this connection, the Unified National Federation of Workers in the Health Sector announced an indefinite general strike to begin on 26 October, in which the 50,000 employees in that sector will participate. Also, the SUTEP [Trade Union of Education Workers] announced forceful measures that are scheduled to begin on 29 October with a 24-hour strike. Then, on 8 and 10 November, there will be two more strikes, together with demonstrations and the occupation of public buildings. And Minister of Health Eduardo Yong has asked for the understanding of the workers in his sector, who have rejected the pay increase. "We are seeking financial and economic balance," he said. Yong Motta maintained that under the present circumstances, the government is making an effort to provide increases for various sectors. And while not all of the expectations have been met as yet, the important thing is that the increases are beginning to be approved, thanks to the balance achieved in the Peruvian economy in recent months. (Most dailies 18 Oct 94) [passage omitted]

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Venezuela

State Shipping Company Files for Bankruptcy

PA2810043994 Caracas Union Radio Network in Spanish 2200 GMT 26 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] The report on the bankruptcy of the Venezuelan Shipping Company, Inc. [CAVN] does not surprise anyone, because this possibility has existed for a long time.

The CAVN had a series of problems, just like every state-owned company with a deficit. CAVN officials filed for bankruptcy before commercial courts and accused the Venezuelan Investment Fund [FIV] of negligence. They stated that if in fact the FIV approved in April the repayment of 6.2 billion bolivares in CAVN's losses, in the last few months it only disbursed 140 million bolivares. This amount evidently was not enough to cover the company's debts.

Payments to terminate 50 percent of the personnel have already been made, and attempts are being made to save the ship Cerro Bolivar.

It should be pointed out that at the company's headquarters, high-ranking officials termed the actions of the FIV—the largest stockholder of the CAVN—negligent, because it failed to compensate the corporation for the losses it incurred totaling 6.2 billion bolivares. This definitely resulted in the corporation going bankrupt.

It has been reported that approximately 50 percent of the company's staff received their severance payment, and it is expected the remaining personnel will be terminated this week.

The FIV today, Wednesday, established its position on the bankruptcy of CAVN. Meanwhile, it will report a new negotiation attempt to save the ship Cerro Bolivar, which was seized by the Triton Company, the largest creditor of CAVN, at the Port of Guam.

The first negotiations began one month ago and were aimed at achieving a partial renegotiation of the company with creditor companies, but it was not accepted because it entailed a pardoning of approximately 57 percent of the obligations. Consequently, the executive board has decided to file for bankruptcy.

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